FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 27,836 · Monday April 9 1979

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 3.5; FRANCE Fr 3.5; GERMANY DM 2.0; ITALY L 600; NETHERLANDS Fl 2.0; NORWAY Kr 3.5; PORTUGAL Esc 25; SPAIN Pts 50; SWEDEN Kr 3.25; SWITZERLAND Fr 2.0; EIRE 20p

NEWS SUMMARY

GENERAL

Amin's oil supplies halted

International oil companies were reported to have halted supplies to President Idi Amin's collapsing regime in Uganda as nearly all the Libyan troops supporting him left the country.

About 1,000 Libyan soldiers were said to have been flown out from airports north of Kampala. The only troops still loyal to Amin are Nubians and Southern Sudanese.

Heavy fighting continued around the besieged capital but Tanzanian-backed rebels are apparently keeping to their plan to stay out of the city until the pro-Amin forces have left. Page 2

Bomb suspects released

Four of the five men held in Dublin after a police raid have been released, reducing hopes of an early breakthrough in the hunt for Airey Neave's killers.

Originally, six men were arrested after detectives found bomb-making material in a Dublin flat.

Sanctions urged

Egyptian Prime Minister Mustapha Khalil has urged Arab States to use their oil weapon against the West to win the return of occupied Palestinian lands from Israel, Cairo newspapers reported.

Italy arrests

Italian police arrested 25 extreme Left-wingers in Padua, Milan, Turin, Rovigo and Rome. The arrests are believed to be connected with the kidnapping and murder of former Premier Aldo Moro.

Edict on priests

Pope John Paul opened Holy Week at Palm Sunday Mass in a packed St. Peter's Square. He is expected to disclose today what he intends to do about the continuing exodus from the priesthood in the Roman Catholic church.

Nuclear denial

Pakistan has denied that its nuclear programme is aimed at developing atomic weapons, in response to the U.S. decision to cut all aid to the country. But it refused to deny the development of a uranium enrichment capability. Page 2

Socialists split

The French Socialist Party emerged from its national congress in Metz deeply divided after failing to reach a compromise on several fundamental aspects of its policy programme. Page 2

Sabotage claim

About 600 black guerrillas have been trained in Angola to infiltrate South Africa as part of a renewed campaign of sabotage and subversion, according to Jimmy Kruger, South African Minister of Police. Page 2

Lever re-adopted

Harold Lever, the Prime Minister's economic adviser, was re-adopted as Labour parliamentary candidate for Manchester Central, in spite of a move by local Left-wing activists to oust him.

Briefly...

ROADS throughout South-East England were hit by flooding after a week-end of heavy rain.

FREDERICK ELLIS, former City editor of the Daily Express, died, aged 64. Obituary, Page 6

FIVE people, including two policemen, were killed in a gun battle which erupted after a four-car convoy was stopped for speeding in Illinois, U.S.

BUSINESS

£1m cash plea to unions for Kirkby

● LIQUIDATOR of Kirkby Manufacturing and Engineering has asked the Transport and General Workers' Union and the Amalgamated Union of Engineering Workers to consider putting up about £1m to save the co-operative from permanent closure. Back Page

● EMPLOYEES at Aveling Barford, the construction equipment subsidiary which BL is trying to sell, have been told of moves to reduce overheads further—including staff cuts—because of continuing losses. Back Page

● NATIONAL ENTERPRISE Board is considering further cash aid for Alfred Herbert to expand its output of electronic sections for numerically controlled machine tools. Back Page

● BRITISH RAIL has produced a range of modified designs for its 150-mph Advanced Passenger Train as part of its effort to win Government sanction for bulk production. Page 4

Auditors face shares curb

● AUDITOR'S beneficial shareholdings in public company clients will be banned under new guidelines to be issued by the accountancy bodies. Holdings' major blocks of trustee shares could also be banned. Back Page

● CONSUMER SPENDING surge in 1978 promoted a considerable rise in demand for shop property, and evidence shows that this demand is continuing, according to a survey by Edward Erdman. Page 4

● BRITAIN is seeking to sell 1,300 Chieftain tanks originally destined for Iran to any country willing to take on the cancelled £625bn order. India is considered a likely customer. Page 2

● TOURISM last year left Britain's travel account of the balance of payments £857m in surplus, a £221m drop on the record £1.08bn earned the previous year. Page 4

● AIR EUROPE, Britain's newest airline, is to take delivery in the U.S. of the first of its £30m fleet of five Boeing 737 short-haul airliners. Page 6

LABOUR

U.S. lorry strike peace bid fails

● U.S. LORRY STRIKE moved into its second week after talks between the Teamsters Union and the employers failed to reach a settlement. Back Page

● POST OFFICE workers are being advised by their union to accept through a branch ballot an 8 per cent plus other benefits pay offer, which would be worth 12 per cent this year and 13.3 per cent a year after consolidation of supplements in July. Page 6

● ELECTRICAL power engineers will be urged by union leaders to support industrial action if necessary to restore adequate differentials with manual workers in the electricity supply industry. Page 6

COMPANIES

● THOMSON family has raised its bid for Hudson Bay Company for the second time—offering C$37 (£15.47) a share for 75 per cent of the Bay's common stock. Page 31

● WESTMINSTER PROPERTY Group had pre-tax losses of £26,599 for the year to last September 30, compared with profits of £67,000 the previous year. Page 30

CONTENTS

Tax evasion: Guide to UK underground economics ... 16
Trade: Why the EEC lost its temper with Japan ... 29
Management: Company of the Year semi-finals ... 12
W. German banks: "Reduce industrial holdings" call 32
Surveys: Italy ... 17-28
Soft Commodities ... 37-40
Editorial comment: Labour manifesto; Irish investment ... 16
Lombard: Samuel Brittan on exchange rate problems ... 14
Justinian: Sexual discrimination after retirement 14

Arts	15	Lombard	14	Weather	44
Appointments	33	Management	12	World Econ. Ind.	3
Building Notes	10	Men and Matters	16		
Businessman's Dry.	8	Money & Exchanges	31	PROSPECTUS FOR SALE	
Company News	30	O'seas News	2	Calcutta Electric Supply Corpn.	35
Crossword	14	Racing	14	11% Exchegr. Stk.	35
Entertainment Gde.	14	Share Information	42-43	Single Holdings	30
Financial Diary	35	Sport	15		
Int. Co. News	31	Technical Page	11	ANNUAL STATEMENTS	
Labour News	6	Today's Events	29	Brown Boveri Kent	44
Leader Page	16	TV and Radio	14	Coventry Econ. BS	6
Letters	29	UK News	4, 6	Kleinwort-Bnsn. L.	30
Lex	44	Unit Trusts	41		

For latest Share Index phone 01-246 8026

A vote for Labour is vote against EEC—Benn

Callaghan prepares all-out attack on Tory leadership

BY RICHARD EVANS, LOBBY EDITOR

The Prime Minister will today launch Labour's sustained assault on the Conservatives and the leadership of Mrs. Margaret Thatcher aimed at clawing back the formidable lead the Tories have gained at the start of the General Election campaign.

Labour strategists, although intensely relieved at the outcome of the party battle over the manifesto last week, are perturbed at the scale of the task that now faces Mr. Callaghan and believe that all-out attack on the Tory leadership and policies gives the only hope of victory.

The party's tactic will be to carry the campaign into the Opposition camp by emphasising Tory weaknesses, particularly the potential impact of Conservative policies on jobs, prices and industrial relations, and to keep the pressure up for the three and a-half weeks to polling day.

Confirmation that Labour leaders also intend to make the European Community a priority issue to try to gain votes at the expense of the Tories came last night in a speech by Mr. Anthony Wedgwood Benn, Energy Secretary.

Mr. Benn did not advocate British withdrawal, but he went as close as he could following the hostile anti-Market section in Labour's manifesto, and he blamed the Market for many of the country's economic ills.

He told a Labour Party meeting in London: "A vote for the Labour Party in this election will be a vote against the Common Market as it now operates—and for moves to self-government within a wider Europe that co-operates together but cannot dominate. We reject any attempt to exploit or injure the people in the member states."

After launching Labour's daily Press conference in London this morning, Mr. Callaghan will fly to Glasgow in an attempt to hold Labour's crucial domination in Scotland. Later in the week his packed schedule includes speeches in Manchester, Stockport, Ilford, Oxford and Gloucestershire—all areas where Labour must cling on to its marginal seats.

EEC Commission figures confirm that under one method of calculation Britain is the largest contributor to the Common Market budget. Back Page

The Conservatives, on the other hand, are increasingly confident they can win a clear majority on May 3 provided they maintain some control over the course of the campaign and prevent a panic reaction when the substantial opinion poll lead is whittled down, as on past experience, it almost certainly will be.

It is already clear the Conservatives will avoid too many specific policy commitments when their manifesto is launched on Wednesday, but a pledge to cut direct taxes by substantial amounts seems certain to form the centrepiece of the party's appeal.

A Tory Government, according—

Continued on Back Page

Other election news Page 8 ● Editorial comment Page 16

Tories ready to consult TUC

By Christian Tyler, Labour Editor

THE CONSERVATIVES would consult the TUC about the extent of legislative reform on industrial relations if they won the General Election.

Talks would be held with the TUC, the CBI, and the police where appropriate, before amendments to the Trade Union and Labour Relations Act and the Employment Protection Act were drafted.

The Conservative manifesto to be published on Wednesday will not, therefore, attempt to spell out precise methods by which the party would deliver its promised reform on picketing and the closed shop, or its disincentives to strike action and support for trade union "moderates."

Conservative leaders have been stressing that they do not intend to embark on this election campaign with the kind of framework that became the 1971 Industrial Relations Act.

Mr. James Prior, Shadow Employment Secretary, emphasised yesterday that the law had only a limited role in Tory plans for controlling the unions. In two interviews—one on BBC radio and one on London Weekend Television—Mr. Prior stressed the importance of persuasion rather than legislation.

Specific

The party, he said, would not repeat the mistakes it made in 1971 when it tried to legislate across the board. This time it would only try to tackle specific issues, such as secondary picketing, by law.

Asked about Mrs. Thatcher's idea of holding a referendum should a Conservative government find itself in a head-on collision with the unions, Mr. Prior said this was an option which would have to be considered but his tone of voice suggested that he, personally, was less than enthusiastic about the proposal.

The Tories' manifesto will state the objectives and stress that many of the legislative reforms needed were promised long before the winter of disruption reinforced the party's conviction that "the union problem" was bound to be a major campaign issue.

But a number of detailed proposals have been prepared by Mr. Prior and his colleagues. At least two leading QCs have been advising the party on the

Continued on Back Page

A reduction in the marginal rates of taxation, particularly at the higher levels, is regarded as essential towards the beginning of a Parliament if the Tories are to fulfil their promise to give more incentives at all levels of the income scale. But Sir Geoffrey Howe and other Tory leaders will be careful not to be specific. The amount of the cuts would depend on an assessment of the economy on taking office.

Another important election offering from the Conservatives will be generous incentives for local authority tenants to buy their homes at advantageous prices. The scheme was outlined at the weekend by Mr. Michael Heseltine, the party's spokesman on the environment, and is regarded as a potential vote-winner.

Iran violence feared after ex-PM's death

BY SIMON HENDERSON AND ANDREW WHITLEY IN TEHRAN

ISLAMIC REVOLUTIONARY justice has restarted in Iran, and with it, fears of a new phase of widespread violence.

The execution by firing squad of Mr. Amir Abbas Hoveyda, the former prime minister and main architect of Iran's recent economic "miracle" was widely condemned yesterday by Western governments.

At least 29 people have died in the last few days—15 of them by execution, the others in a series of bombing and shooting incidents often unexplained but thought to be linked, among other things, to demands for Kurdish autonomy or for jobs.

Doubt is now cast on previous assumptions by observers that Mr. Medhi Bazargan's administration was taking over in importance from the revolutionary committees of Ayatollah Khomeini.

Mr. Amir Entezam, a deputy prime minister, said that Mr. Bazargan approved of executions but the Government had no prior knowledge that Mr. Hoveyda's trial had restarted and the revolutionary courts were not its responsibility.

The affair of Mr. Hoveyda, a trusted aide of the Shah described by Tehran radio as being responsible for 13 of the darkest years of Iran's history, became more macabre when his body disappeared yesterday from the mortuary.

His death was announced on Saturday, the day his trial was set to re-open in public.

Protests at the manner of the earlier hearing, held after midnight while Mr. Hoveyda was half-drugged from a sleeping tablet, had led to a three-week halt of all trials and executions.

At that time, apart from corruption and abuse of power, Mr. Hoveyda had also been accused of crimes against God. Supposed new regulations for the system of revolutionary courts published last Thursday, allowing a right of appeal, are now known to be largely false.

The courts, which restarted on Friday, have now sentenced 64 people to death for political offences. There have been no acquittals and more death sentences—including against two former senior generals—are thought to be imminent.

The note of retribution in the executions was in keeping with Ayatollah Khomeini's televised remarks last week that he had no time for lawyers and fair trials for the last regime's criminals. They should all be shot.

Terry Dodsworth in Paris adds: Mr. Hoveyda was interviewed in his prison cell by a French television crew a week ago and indicated at that time that he had no idea what the accusations against him were.

He said in the interview, made on March 29 and screened at the weekend, that he did not know what he would do about the conduct of his own defence.

The servant of the Shah Page 2

The growing 'black' economy

BY DAVID FREUD

SUPORT FOR claims that the "black" economy—or tax evading—economy is growing comes in figures showing an extremely rapid increase in the circulation of high denomination bank notes.

Although prices more than doubled in the six years between 1972 and 1978 and consumer spending at current prices increased by 140 per cent, the use of big notes rose much faster.

The aggregate value of £10 and £20 notes in circulation rose by 470 per cent in the same period, and now represent slightly more than 40 per cent of the value of all notes.

Economists in the U.S. Internal Revenue Service believe that growth in large denomination currency is strong evidence of growth in tax evasion.

tre should include vary enor-

According to recent figures the self-employed spend much more money at every level of declared income than employees, who are taxed under Pay As You Earn.

The latest Family Expenditure Survey, covering 1977, shows that the self-employed with declared weekly net earnings of between £80 and £100 spent an average of £88-£60. Clerical workers in the same wage band spent an average £14-£37, or 16 per cent less. There is a similar contrast at other income levels.

Details, Page 16

BL hopes pressure may bring quick end to strike

BY ALAN PIKE, LABOUR CORRESPONDENT

BL MANAGEMENT and union officials will know this morning whether a determined campaign to persuade the company's 8,500 skilled workers to ignore an unofficial strike call has been successful.

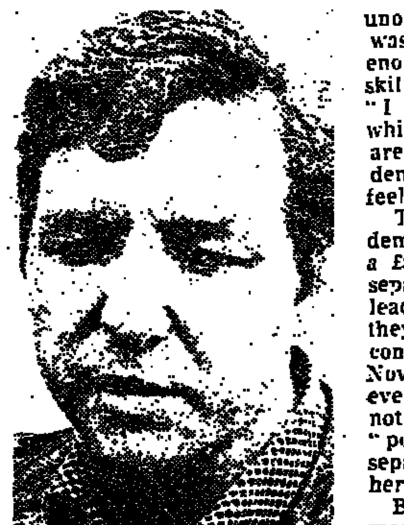
Since the unofficial BL United Craftsmen's Organisation issued its call for strike action in support of pay parity and separate negotiating rights, skilled men have come under intense pressure from both management and unions to remain at work.

The company has warned bluntly that a serious strike would have equally serious repercussions on the future of plants and job prospects.

Union officials in the Midlands claimed last night there were signs that enthusiasm for a long strike was continuing to fade, even in some of the plants where skilled men are expected to stay away today. They hope that enough skilled workers will ignore the strike call to lead to a quick, demoralised collapse of the action even in those plants where it does take place.

There is little doubt, however, that the strike will be supported at the Cowley body and assembly plants, the Rover factory at Solihull, the Castle Bromwich body works in Birmingham and some smaller factories. These alone are enough to have a serious impact on production of Rover models and the entire Austin Morris range of the strike is prolonged.

Mr. Terry Duffy, president of the Amalgamated Union of Engineering Workers, yesterday added his voice to the appeals to the craftsmen to remain at work. "We are fully aware of the need for realistic pay dieffrentials but every minute that the skilled workers lose in production makes it more difficult for us to achieve this objective," he said.



Mr. Frazer: nothing is on offer

Government tolerance with BL would be exhausted unless the company kept working. "I urge all skilled workers to disregard this call from an unofficial body and stay at work."

Mr. Roy Fraser, leader of the unofficial organisation, said he was aware there had been enormous pressure on groups of skilled men to ignore the strike. "I know of specific groups which despite all this pressure are still coming out. This demonstrates the strength of feeling for our case."

The skilled workers are demanding parity on the basis of a £90 per week basic rate and separate negotiations. Union leaders and BL argue that if they keep up production an £89 common rate is achievable by November. Mr. Fraser says, however, that his organisation will not call off the strike without "positive commitments" on separate bargaining rights and here nothing is on offer.

BL, the AUEW leadership and manual workers' representatives are all opposed to the skilled men having their own negotiations outside the centralised structure being developed in the company. But the craftsmen believe they will never achieve adequate differentials in a structure in which they are dominated by less skilled groups.

The AUEW executive will meet to consider the position tomorrow. As the strike call is this time being made to all craftsmen, and not only AUEW members, it could decide to seek a meeting with other unions to determine a common approach. It will also be presented with the question of whether any action against the unofficial leaders is appropriate under union rules.

Final Times negotiations may involve conciliation service

BY ALAN PIKE, LABOUR CORRESPONDENT

NEGOTIATIONS during the next few days will be crucial in determining whether Times Newspapers publications appear again next week after an absence of four-and-a-half months.

Final plans for relaunching The Times, the Sunday Times and the three Times supplements are complete but some difficult industrial relations issues still have to be resolved. The Advisory, Conciliation and Arbitration Service will probably become involved in these this week.

Tomorrow the management will resume negotiations with national and office officials of the National Society of Operative Printers, Graphical and Media Personnel on one of the biggest remaining difficulties. This concerns NATSOPA's 540-strong Sunday Times machine chapel, where agreement has still to be reached on reduced manning levels.

ACAS may become involved in negotiations between Times Newspapers and the National Graphical Association on the introduction of a new computer-based typesetting system. The company wants journalists and advertising staff, as well as NGA members, to have access to the composing system.

Although progress has been made in the new technology negotitions there is not yet firm agreement.

Mr. Les Dixon, NGA president, said yesterday: "We have moved closer together but not close enough. There is still a lot of work to be done."

There were many outstanding issues, said Mr. Dixon, and even if progress continued he did not know whether it would be possible to finalise agreement on them all in time for the proposed resumption of publication tomorrow week.

It is possible that negotiations on outstanding issues will continue during Easter and right up to the proposed re-publication date. The company believes, however, that the talks will need to reach fairly firm conclusions by about Thursday if the target for Times appearing again on the Tuesday after Easter is to be met.

Times Newspapers suspended all publication on November 30 after failing to obtain union agreement on proposed industrial relations changes.

OVERSEAS NEWS

'Agreement on SALT 'closer and closer'

By David Buchan in Washington

THE US and the Soviet Union are getting "closer and closer" to final agreement on a nuclear arms agreement, Mr. Anatoly Dobrynin, the Soviet Ambassador to the U.S., said after meeting Mr. Cyrus Vance, the Secretary of State, here on Saturday. With the tempo of the SALT negotiations reaching a climax, the two men are likely to meet again today.

While U.S. and Soviet officials work on the SALT 2 treaty's language in Geneva, the long-serving Soviet Ambassador here is the key Russian negotiator now on the remaining points of dispute. These are over definitions of what new types of missiles are allowed under SALT 2, and on U.S. demands that Moscow does not conceal its missile test data.

Meanwhile, Senator John Glen of Ohio warned that the methods of verifying that the Soviet Union is abiding by the treaty provisions must be improved if the SALT 2 agreement is to win a two-thirds approval by the Senate. The occasion was the launching at the weekend of the first U.S. Trident nuclear armed submarine, the Ohio, from its Connecticut dockyard, in a ceremoney which also attracted several thousand anti-nuclear demonstrators.

FRENCH SOCIALIST NATIONAL CONGRESS

Mitterrand setback may damage Presidential hopes

BY ROBERT MAUTHNER IN PARIS

THE FRENCH Socialist Party emerged deeply split from its *National Congress in Metz* yesterday, after failing to reach a compromise on several fundamental aspects of its policy programme.

Although M. Francois Mitterrand remains First Secretary of the party, he no *longer has the backing of an* absolute majority of the Congress, the first time this has happened since 1971, when he was first elected as party leader. The setback will clearly have an adverse effect on his chances of being chosen as the party's candidate for the Presidential elections in 1981.

The policy resolution tabled *by* M. Mitterrand and his supporters obtained only 47 per cent of the votes, after *strenuous* all-night efforts to reach a compromise with his main rival, the 48-year-old *M. Michel Rocard.*

The two groups were unable to patch up the sharp differences which have arisen between them since the Socialist-Communist alliance's defeat in the general election in March last year. Their main disagreements concern the conditions for the continuation of the Union of the Left and the economic policies which the French Socialist Party should adopt.

M. Mitterrand firmly maintained his stand that the Union of the Left was the only possible way in which the Socialist Party could hope to come to power, since it had no intention of forging an alliance with any of the conservative parties.

On the other hand, M. Rocard argued that the Socialist Party must do much more to affirm its *own identity.*

In the economic field, M. Mitterrand attaches much more *importance to central planning* and State control of the economy than M. Rocard, who once again *yesterday expressed his faith in* a mixed market economy.

In spite of the fact that M. Mitterrand's *policy resolution* did not obtain an absolute majority, his supporters remain the single biggest group in the party. M. Mitterrand will thus continue to control the National Secretariat, the party's *top body, the members of which* he has the power to appoint. But his authority will be hotly *contested in the executive* bureau, in which the different factions are represented propor*tionately to their strength.*

The most serious setback which M. Mitterrand suffered yesterday was the defection of his former chief lieutenant M. Pierre Mauroy, the Mayor of *Lille* and president of the powerful Nord Federation. M. Mauroy, who made a passionate and warmly applauded appeal for a compromise between the two main party currents, finally *joined M. Rocard in the wilder*ness.

'Agents' blamed for bombing

BY TERRY DODSWORTH IN PARIS

A BOMB attack on nuclear power station equipment under construction near Toulon in southern France is more likely to have been the work *of foreign* agents than ecological groups, according to M. Paul Blanc, the *local mayor.*

M. Blanc said the main damage had been done by seven bombs planted on components for a reactor being built in Iraq.

Police are also treating ecologists' claims to have "neutralised machines dangerous to human life" with scepticism. Police are maintaining tight security at the workshops.

Fresh hint of Pakistan nuclear capability

By Chris Sherwell in Islamabad

PAKISTAN'S military government all but confirmed yester*day that its current nuclear* research programme includes the development of a capacity to enrich uranium. Acquisition of such a capability would give Pakistan the means to produce a uranium nuclear bomb.

The indication came from a spokesman for Pakistan's Foreign Affairs ministry, who was responding to Friday's announcement by the U.S. that it was cutting off all aid *to Pakistan. The decision* was based on suggestions that Pakistan was building a *gas centrifuge facility to enroch* uranium.

In a prepared statement the *spokesman denied that* Pakistan's nuclear programme was aimed at developing a nuclear weapon. But he refused to deny the suggestion that Pakistan was developing a uranium enrichment capability.

The suspicion that Pakistan might be trying for uranium enrichment was further reinforced last October when a well-informed article in a local journal suggested that this route was better than reprocessing for producing nuclear exposives

AMIR ABBAS HOVEYDA

Servant of the Shah

AMIR ABBAS HOVEYDA was Iran's Prime Minister for 13 years. He was regarded as the architect of his country's rapid industrial expansion.

In August, 1977, the Shah dismissed Mr. Hoveyda following criticism in Parliament of widespread shortages and inflation as a result of development outstripping available manpower and resources.

He was detained 15 months later by the military government of General Gholam Reza Azhari, appointed by the Shah.

But for those who toppled the monarchy in last February's revolution, Mr. Hoveyda, 60, was simply a symbol of the regime which had so long oppressed them.

In the present revolutionary mood, dominated by Islamic fundamentalism, it was not just his political record which was held against Mr. Hoveyda. With an oddly-assorted taste for Ian Fleming's hero James Bond, Bach and Oscar Wilde, a European education and a widely-travelled past as a *diplomat*, he was quintessentially western—a term now synonymous with evil for most of Iran's religious leaders.

He was a member of the Freemasons, a group distrusted by the Shah and regarded with the deepest suspicion by most of the population. What weighed against him even more heavily, however, was the fact that his diplomat father was also a preacher of the Baha'I faith, founded in Iran last century, which is disliked by most of the country's Shi'ite Moslem majority.

Mr. Hoveyda himself always denied being a follower of the faith, but in the popular imagination he always remained *identified* with the Baha'I minority—estimated at around 400,000 — which wielded immense influence under the monarchy.

A technocrat rather than a politician, Mr. Hoveyda came to power after Hassan-Ali Mansour, the reformist premier, was murdered by a young Moslem theological student in January 1965. *Two hours after* Mr. Mansour died, Mr. Hoveyda, then Finance Minister, was sworn in as what was then *seen as a stop*-gap premier.

It marked a new era in the Shah's exercise of power. From then on, the Prime Minister of Iran would be a mere executor of the Shah's decisions.

Born in Teheran on February 18, 1919, Mr. Hoveyda was the *son of middle class but not* wealthy parents. He was one of the few leaders of Iran not connected with the aristocracy. He left Iran at an early age to be educated in Europe. He gained a master's degree in political science from Brussels University and went on to get a doctorate in political science from the Sorbonne in Paris.

He returned to Iran at the age of 21 for military service as an artilleryman, later joining the Iranian Foreign Office. His first posting was as an attache *in Paris in 1945*, then moving to West Germany as second secretary for four years from 1947.

Mr. Hoveyda also served in Geneva, Ankara and at the United Nations until his appointment *to the board of the* National Iranian Oil Company in 1958.

Reuter

Cancelled Iran order for tanks may go to India

BY SIMON HENDERSON IN TEHRAN

BRITAIN IS HOPING to sell 1,300 Chieftain tanks originally destined for Iran to any country *willing* to take on the cancelled $1.3bn (£650m) order, and a prime customer looks like being *India*.

Delivery of the special Chieftain tanks, an updated *model of the type already in* service with the British and Iranian armies was due to begin this spring. *Only a few have* been completed but a new customer is required to make use of the already substantial investment in production equipment at the Royal Ordnance Factory in Leeds.

The Iranian order was to keep production going at that factory, which employs 3,000 people, until 1985. Much of the investment has been Iranian and Britain is to try to work out with the new regime in Tehran an equitable ending of the contract.

India is considered a likely customer because its present 1,700-strong tank force is made up of out-dated models including Centurions, Russian T-54s and T-55s and locally made Vijayantas. It would also be able to take up the whole of the Iranian order.

The Chieftains which had been *destined for Iran*—known as the Shir Iran—were effectively an interim model between the *British army equipment* and the next generation of NATO battle tank.

With the latest Chobham armour and a new, more powerful, Rolls-Royce engine, the Shir Iran, perhaps at a discounted price, would be a very attractive proposition to a large developing country with a modern but not over sophisticated army.

The Shir Iran order was cancelled in the last days of the Bakhtiar Government in February before the revolution. The new Government has indicated future-arms purchases will be minimal.

Iran already has 760 of the original Chieftain tanks and the best that Britain is expected to be able to retrieve of its former $4bn worth of arms order with Iran is to continue to supply spares for these tanks and perhaps to revive some of its training teams.

South Africa warns of new terror campaign

BY QUENTIN PEEL IN JOHANNESBURG

SOME 600 black *guerrillas* have been trained in Angola to infiltrate South Africa as part of a renewed campaign of sabotage and subversion, Mr. Jimmy Kruger, the South African Minister of Police, warned at the weekend.

In the wake of the international outcry over the hanging of Solomon Mahlangu, convicted under the South African Terrorism Act, last week, Mr. Kruger said that urban terrorism had "reared its ugly head all over the Republic." Already, 38 blacks who had received military training outside the country had been arrested on their return.

Mr. Kruger's renewed warning of a terror campaign underlined the Government's hard-line response to the world-wide campaign for clemency toward Mahlangu, who was hanged on Friday. Let alone ignoring the appeals, the Pretoria regime *now appears to have decided to* retaliate.

Mr. Pik Botha, the Foreign *Minister*, announced yesterday that the ambassadors of those Western countries who sent appeals would be called in to be told of the Government's "disfavour" at their attitudes. Their attitude was "totally irreconcilable with their own actions against terrorists," he said. "This is true especially in the case of the British, West German and Dutch governments. The selective indignation directed against South Africa is therefore shocking and repugnant."

In his intervention, Mr. Kruger said the latest campaign against South Africa was organised by the banned African National Congress and the South African Communist Party. They had planned a three phase programme concentrating on the alienation of the black population, the economic and diplomatic isolation of South Africa, and the infiltration of sophisticated terrorist groups, he told a conference in *Pretoria*.

They would also try to infiltrate trade unions to organise *illegal strikes* and *industrial* disruption, he claimed.

Shelling in Kampala

NAIROBI — Heavy fighting swirled round Uganda's beseiged capital of Kampala during the weekend between Tanzanian-backed rebels and forces loyal to President Idi Amin, Reuter *reports*.

One diplomat said following a bout of shelling in suburban areas after dark on Saturday that the city had experienced "Its first real night of war" since rebel forces entered the country.

But the invaders seemed to be meeting tougher resistance than expected in their push to take the capital.

President Amin has not been seen since he appeared in the eastern industrial town of Jinja on Saturday evening.

But Uganda Radio broadcast an order from the Kampala District Commissioner ordering people to turn up for work normally on Monday morning.

Kampala residents said staff houses at the Makerere University complex were bombarded with mortar bombs sending Ugandan troops who had been billeted there fleeing for their lives. Several buildings were badly damaged, they said.

Although Ugandan exiles have spoken of attacks on the northern outskirts of the city the attack on the university buildings was the first confirmed report of action on the north-west side of Kampala.

And the Associated Press reports that Westerners arriving in Nairobi from Kampala said two European businessmen, a Briton and a Dane, had been missing since last Tuesday, when they drove off toward Entebbe to meet a colleague.

They were identified as Gordon Parrott, head of Atlas Tower Construction Company, and Sven Sorensen, a partner in Bitumastic Ltd.

The two were the first Westerners reported missing in the Uganda-Tanzania conflict. About 800 foreigners fled from Kampala last week, leaving behind an estimated 100-200 diplomats and businessmen.

Mark Webster writes from Dar-Es-Salaam: International oil companies are reported to have halted supplies to the collapsing regime of President Amin of Uganda as nearly all of the Libyan troops supporting him left the country.

About 1,000 Libyan soldiers said to have been flown out from the airports of Nakasongola and Soroti, to the north of Kampala. The only troops still loyal to Amin are said to be Nubians and Southern Sudanese.

Meanwhile, in Dar-Es-Salaam the African frontline presidents have met the joint leaders of the Patriotic Front guerrilla movement, Mr. Joshua Nkomo and Mr. Robert Mugabe.

Delegates at the conference said privately there were fears that a Conservative Government in Great Britain would recognise Zimbabwe-Rhodesia after the forthcoming elections had taken place.

The frontline group was reportedly anxious to ensure the unity of the Patriotic Front once the elections had taken place. Members of the Transitional Government in Rhodesia have offered a place in the new Government to Mr. Joshua Nkomo.

Singapore airlines places £69m Airbus order

SINGAPORE AIRLINES (SIA) has placed an order for six A300-B4 aircraft with Airbus Industrie, costing more than S$ 310m (£69m) including spare parts and related equipment, Peter Lee writes from Singapore.

The order reverses an earlier decision made in 1976 when SIA opted to buy the smaller capacity Boeing 727 instead of the Airbus. Explaining the reasons for the change, SIA said their environment had altered since the Airbus was first produced. "Both Airbus Industrie and the aircraft," an airline spokesman said, "has now built up an impressive record particularly in Europe and Asia. New system and technological advancements have been incorporated into the aircraft.

"Moreover most of Singapore's neighbours already have the Airbus or will soon be taking delivery of it, thus making it easier for SIA to introduce the aircraft to its fleets and operate it in its region."

The purchase of the Airbus has surprised other airline circles in view of the anticipated detrimental effects of Australia's new international Civil Aviation policy (ICAP) on SIA's traffic growth and the fact that SIA has already several other new aircraft on order.

In May last year, SIA announced the order of 10 Boeing 747 aircraft costing more than $900m. The airline also has four Boeing 727s still to be delivered.

SIA disclosed that the first two A300-BA aircraft should be delivered in April 1981 and subsequent ones in 1982 and 1983.

It has also been given an option to buy two more of the aircraft for delivery in February 1984.

The SIA Airbuses will seat 246 passengers compared with 136 on its Beoing 72 and will be deployed on its service to Bangkok, Jakarta, Hong Kong, Manila, Madras and Colombo.

S. Koreans buy Boeings

SEOUL—KOREAN AIR Lines has confirmed that it will sign a contract in Washington this week to buy ten Boeing 747 jetliners.

KAL, the South Korean flag carrier, said that its president, Mr. Cho Choong-Hoon, who is participating in a South Korean buying mission to the U.S., is scheduled to sign the contract, reportedly valued at $570m. tomorrow. A KAL spokesman said that the order will cover part of the airline's planned purchase 18 Boeing 747 jetliners primarily for its just-opened Seoul-New York route.

The spokesman declined to elaborate on the impending contract. But last November KAL said that its plan called for delivery of three units in 1980, five in 1981 and two in 1982 with the remaining eight to be bought on options.

Also on the South Korean mission's shopping list are petrochemical products, scrap iron and copper, nuclear equipment, soyabean oil, lumber, parts for heavy construction equipment, and road building machines.

AP-DJ

UK invisible surplus drops

BY OUR FOREIGN STAFF

BRITAIN RECORDED a balance of payments surplus of £1.4bn in invisibles in 1978, the Department of Trade reports.

But while gross earnings for invisibles rose by 9 per cent over the previous year to £17.7bn, this was more than offset by a 15 per cent rise in gross payments overseas to £16.2bn, mainly because of higher net contributions—£455m—to the EEC. This reduced the 1978 surplus by £610m from the previous year's level.

There was also some deterioration in net earnings from sea transport and travel. The 1977 surplus of £21m in the sea transport account was turned into a deficit of £292m in 1978.

In the civil aviation sector, credits increased by nearly 20 per cent in 1978 due mainly to the success of UK airlines in winning business. Debits increased by 16 per cent and the net surplus on civil aviation rose by £87m to £331m in 1978.

The balance from travel, however, slipped by £221m from a 1977 peak of £857m, indicating a levelling off in the number of visits by overseas residents. Debits in travel rose by nearly a third, reflecting an increase in both the number of visits made abroad by UK residents during the year increase daverage expenditure per visit.

A balanced flow of earnings from financial services pushed earnings £56m higher to £1.4bn during the year. The key exception was in commodity trading, which declined in earnings by about £35m.

There was a surge of £160m in the surplus on interest, profits and dividends which brought the 1978 figure to £552m. Interest payments on the higher level of overseas holdings of gilts and on the large net borrowing from the European Investment Bank during the year accounted for a large part of the increase.

In sea transport debit payments for dry cargo rose by 12 per cent as overseas operators increased their share of the market of cargo imported into the UK. While debit payments for tankers fell by 10 per cent, reflecting less oil imports into the UK, receipts from tanker shipping fell by 15 per cent, as reduced activity by UK operators reduced earnings from cross voyages.

Earnings from the overseas operations of UK oil companies showed a slight decline in 1978, largely because UK oil companies experienced stock losses as the sterling price of oil fell. At the same time, earnings of foreign oil companies from their direct investments in the UK rose in 1978, but at a rate lower than expected because of the failure to reach planned production levels in the North Sea.

The net surplus for the private and public corporations, excluding oil, fell by £73m to £1bn in 1978 with little change shown in the earnings of UK companies' direct investment overseas and foreign companies earnings in the UK.

The Trade Department attributes this lack of growth to sluggishness of industrial production in the UK and other industrial countries.

SHIPPING REPORT

Sharp rise in rates for oil tankers

By Our Shipping Correspondent

A WEEK ago brokers were talking of "unpredictable" oil tanker markets. Certainly the sharpness of improvement in rates last week was surprising.

There was a high volume of business and very large crude carriers loading in the Gulf received worldscale 40 for western voyages and WS 45 for Japanese discharge.

This is a full 7 points better than a week earlier, but still not up to the WS 50 achieved in the excited period before last month's OPEC proce-fixing meeting.

Faced with a market pattern contrary to the usual laws of supply and demand (there were still over 22m DWT of tanker tonnage laid up at the end of March) brokers are relying on the usual theory that oil companies have been caught restricted by very specific delivery schedules, in order to explain their willingness to pay more for the right ship at exactly the right time.

General supply and demand laws were prevailing last night in tanker markets outside the Gulf, and rates fell steadily in the Mediterranean and the Caribbean.

There is still a healthy level of period charter inquiry, and last week BP took two vessels. For one, a 156,000 DWT motor tanker, the company paid $2.00 per ton for a two-year charter. This is equivalent to WS 49.5 on today's bunker prices.

In dry cargo markets, owners are continuing to enjoy firm rates in most areas, also being underpinned by steady period inquiry.

Rates are between 50 per cent and 100 per cent better than a year ago.

Nor is there any sign of slackening in second-hand ship trading. A four-year-old 139,000 dwt oil tanker was sold last week for $16m, which is a 50 per cent improvement on the figure being quoted for the same ship last year.

In the North Sea, the broker Eggar Forrester is predicting a shortage of drilling rigs, with a consequent transfer of some accommodation units back to their former drilling functions.

Unfortunately for shipowners operating supply boats, the broker believes that with 14 supply vessels over 5,500 bhp available against only five rigs, these boats could be in oversupply this summer.

FRENCH WINES AND SPIRITS

Time for a modest celebration

BY DAVID WHITE IN PARIS

FRANCE'S PURVEYORS of alcoholic beverages to the world have completed their recovery from the depression imposed on them five years ago by the crisis of that less noble liquid, oil.

Current prospects for wine and spirit exporters are for a slower rate of growth from now on—but they can hardly complain about the 62 per cent rise in foreign exchange earnings that has taken place over the last two years.

Exports in 1978 touched FFr 10bn (£1.1bn), compared with FFr 7.6bn in 1977 and FFr 6.2bn in 1976. After accounting for France's intake of other people's tipples, especially British whisky and Italian wine, the wines and spirits surplus has increased by two-thirds to FFr 8bn.

Although this record is of passing importance in France's overall export figures, where wines and spirits make up only 3 per cent, it is crucial to the farm sector, the remainder of which struggled last year with a foreign trade deficit of some FFr 7bn Also to the producers, who have had to face up to the fact that the French, while still drinking a lot, are drinking less and less.

The Trade Body — the soberly-named Export Trade Syndicate for the Wines, Ciders, Spirits and Liqueurs of France—is not as happy about the performance as might be expected.

"We must moderate our enthusiasm," warned M. Gerald de Geoffre, the group's president. "These results were achieved in an environment of supply problems—particularly acute for 'appellation controlée' wines—fierce competition and financial charges which allow only the most vigorous companies to pursue their development, while many see their margins and their self-financing possibilities reduced to zero."

Other clouds hang over the future, the biggest being rising protectionism and "the accumulation of fiscal barriers in EEC countries." The trade has also become acutely aware of how vulnerable it is to the world's economic moods.

On the other hand, it can count on a wide range of markets—"a guarantee of stability"—and on "new layers of consumers" in many countries.

Three countries — Britain, West Germany and the U.S.—dominate France's wine and spirit export table, all with purchases in the range of FFr 1.4bn to FFr 1.5bn. But the placing of clients varies greatly from year to year and from product to product.

The West Germans and Belgians, for instance, are the biggest imbibers of cheap French wine; the British are the biggest sippers of cognac; the Belgians vie with them as top claret drinkers. But in Burgundy both are displaced as clients by Switzerland and the U.S. Ireland bought as much burgundy last year as Japan. Britain and Italy tie for top place in the champagne stakes, but the Italians buy their bubbly more cheaply.

French wine exports break down into four main categories, each accounting for about a quarter of the total:

● **Champagne:** This "bit of France's presence abroad," to quote the export syndicate, had a bad time of it during the oil crisis. Export revenues, however, have been rising steadily since reaching rock-bottom in 1975, and last year were more than double that level at FFr 1.29bn. In volume, exports were back on the upward curve of pre-1973 days. Over the last 30 years France's consignments of champagne have risen an average 11 per cent a year.

● **Claret:** High prices have discouraged foreign buyers, and according to M. Hubert Calvet, a leading Bordeaux wine merchant, they were the main reason for last year's drop in export volume. But earnings reached a record FFr 1.36bn; and more of the total 164.1m bottles of exports was actually exported in bottles rather than in the cask.

● **Burgundy:** Exports have doubled in 14 years to 109m bottles last year—55 per cent of the total Burgundy and Beaujolais output. Earnings were the highest ever at FFr 1.28m, only slightly lower than Bordeaux.

● **The rest:** Other appellation controlee wines, headed by Cotes du Rhone, have hit the big-time export market relatively recently, which explains the sharp growth figures—a threefold volume increase and more than an eight-fold earnings increase in the past 10 years. The volume of exports last year stagnated at 152m bottles, but their value was some 28 per cent up at FFr 865m. In other categories, the cheaper kinds of wines were hit by competition, especially from Italy. Exports were 23 per cent lower in terms of bottles but 12 per cent up in terms of francs.

Dessert wines and Vermouths, not a French forte, had a 5 per cent growth in foreign business, and exporters complain they could do more with these products were they less heavily taxed in France.

Among the spirits, Cognac consolidated its unassailable position, thanks to over FFr 200m spent on advertising last year and a record crop. Exports totalled FFr 2.35bn; Cognac can claim to be France's most exported product—80 per cent of the total goes abroad.

Liqueurs appear safe from climatic or economic accidents, with a steady increase in exports to FFr 445m-worth last year. But they are not safe from import barriers — bans, levies, quotas and restrictive rules, which can only be got round by shifting production facilities abroad.

The GATT multilateral trade talks have produced one important breach in the discriminatory wall — a provisional pledge by the U.S. to end the "wine gallon assessment" which penalised imported spirits. But overall the protectionist picture is still a sombre one.

"The limit of what can be tolerated has been passed in many countries, where the customs and tax situation is equivalent to prohibition . . . ," M. de Geoffre warned.

The security of France's big domestic and European markets is, meanwhile, in some danger with the prospect of Spanish EEC entry. But while EEC enlargement is a looming issue among growers of ordinary wine in the south of France, trade spokesmen adopt a free-market, "let the best man win" stance.

The question of Spanish prices will require some careful negotiation, but the trade is unwilling to advocate protectionism at the home while attacking it abroad. France is already the biggest market for Port and one of the biggest for Scotch. It may be one of the biggest for Spanish wine. But the major wine businesses are hoping to turn this to their advantage, and to use the inflow of cheaper wines as leverage to improve local quality and to push the bottom range of French wines further up-market.

Clouds still hang over the future, the biggest being rising protectionism and fiscal barriers in EEC countries. The trade is also acutely aware of how vulnerable it is to the world's economic moods. But it can count on a wide range of markets and on new layers of consumers

Soviet tyre plant deal

TOKYO — MITSUBISHI HEAVY INDUSTRIES and Maekawa Trading have jointly won a Y15bn (£34m) tyre manufacturing plant contract from the Soviet Machinery Import Corp.

The plant, designed to manufacture giant rubber tyres for construction vehicles, will be built at Bobruysk in Belorussia.

The plant is expected to be one of the largest in the world.

Meanwhile Creusot-Loire and Mannesmann - Demag Meer have signed a contract to supply the Soviet Union with a factory to produce extruded steel tubes.

● Philip Morris and Soviet trade officials have signed agreements providing for the continuation of the manufacture of Marlboro cigarettes in the USSR and for technical cooperation.

Agencies

World Economic Indicators

RETAIL PRICES

	March '79	Feb. '79	Jan. '79	March '78	% Change over previous year	Index base year
W. Germany	149.2	148.2	147.1	144.5	3.3	1970=100
	Feb. '79	Jan. '79	Dec. '78	Feb. '78		
Italy	144.3	142.2	139.5	127.2	13.4	1976=100
Japan	123.0	123.4	123.3	120.1	2.0	1975=100
France	211.1	209.7	207.8	191.7	10.1	1970=100
Belgium	131.3	130.9	130.1	126.4	3.9	1975=100
U.S.	207.1	204.7	202.9	188.4	9.9	1967=100
UK	208.9	207.2	204.2	190.6	9.6	1974=100
Holland	122.9	122.2	122.5	118.0	4.1	1975=100

British Rail modifies advanced train design

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

BRITISH RAIL has produced a range of modified designs for its 150 mph Advanced Passenger Train as part of its effort to persuade the Government to authorise volume building of the train.

Mr. Ian Campbell, the railways chief executive, said the new portfolio of formation and traction options for the train meant that it could become the Inter-City work-horse of the future, with or without mass electrification.

Railway engineers have been worried by recent reports that Department of Transport economists were moving against the project, which has already cost £50m and which, like many previous railway innovations, has been seriously delayed by trade union boycotts.

The latest industrial action is by maintenance men at the Glasgow Shields Road depot. This is preventing trials on the prototype train, which should have entered service on London-Glasgow this spring, but it is now unlikely to be in use before the end of the year.

The train, whose tilting body shell enables it to corner at high speed, is regarded as a breakthrough in railway technology, with major export potential, particularly to the U.S.

So far in this country it has been as an electric-only train, dependent upon an extension of main line electrification for wide application.

A joint British Rail-Government working party is studying the case for more electrification beyond the present 2,331 route miles, which represents 21 per cent of the network.

BR officials seem hopeful that the review will support the case for additional electrification, but it is unlikely that the most ambitious option, a £520m plan to electrify almost 3,000 miles, will be adopted.

The new APT designs make possible the use of diesel traction, or even the use of third-rail power as on Southern Region. By shortening the train from 12 to 10 trailers, it would also be possible to operate with a single front-end power car, with a maximum speed of 125 mph, rather than the prototype's twin central power cars.

In going for this flexibility, British Rail is admitting that the APT will not in fact run at 150 mph in the foreseeable future. With a single power car, 125 mph is the maximum speed possible, and even with twin power cars tests have shown that the extra 25 mph, saving 12 minutes on the London-Glasgow run, does not justify the higher fuel costs.

When APT does appear on London-Glasgow, it will reduce the journey time from 5 to 4½ hours. Future trains would probably appear first on other West Coast routes such as London-Manchester. The new designs open up the prospect of APT on relatively minor routes such as the Trans-Pennine railway or London-Bournemouth.

The government's alternative to the APT programme is to extend the life of the diesel-only 125 mph high speed train (HST) now in service on London-South Wales and the East Coast main line.

U.S. launch for Twiflex

TWIFLEX COUPLINGS, a subsidiary of Sheepbridge Engineering, has launched a new company to market its industrial disc brakes and power transmission couplings in the U.S.

The new company, Twiflex Corporation, based in New York State is a wholly owned subsidiary of Twiflex Couplings.

Mr. H. Gunner managing director of Sheepbridge Engineering, has been appointed president of Twiflex Corporation. The vice-presidents are Mr. J. H. Dawson and Mr. D. Bauer.

Britain has £857m. surplus from tourism earnings

FINANCIAL TIMES REPORTER

A HEALTHY year for UK tourism in 1978 left the travel account of the balance of payments in surplus by £857m, a decrease of £221m on the record £1,078m earned in 1977.

Department of Trade figures indicate that UK residents are spending more time and money abroad, and the trend seems to be growing.

In 1978, they spent £1,466m on 12.8m overseas visits, a 33 per cent increase in spending on 1977.

Visitors to the UK brought in £2,323m on a record 11.7m visits, a 2 per cent increase on the Jubilee year, and a 7 per cent increase in spending.

The increase in UK visits abroad is mainly in holidays, rather than business visits.

The biggest increases were in visits to Yugoslavia (52 per cent), Greece (28 per cent), Portugal (21 per cent), Switzerland (19 per cent), and the U.S. (36 per cent).

Business visits abroad rose by only 1 per cent.

UK visitors inside the EEC spent £532m, 30 per cent more than in 1977. Visitors to North America spent £153m, a 39 per cent increase on 1977.

The number of visitors from the EEC actually fell by 1 per cent, and those from other Western European countries fell by 3 per cent. Significant increases were recorded in visits from Eastern Europe (39 per cent), Greece (19 per cent), New Zealand (15 per cent), Sweden (15 per cent), the Middle East (13 per cent), South Africa (10 per cent) and the U.S. (9 per cent).

Tourism

Major decreases were recorded in visits from Norway (24 per cent down) and Austria (18 per cent down).

UK visitors arriving by air increased by 4 per cent: those arriving by sea decreased by 3 per cent. Whereas business visits inside the UK, and visits by friends and relatives, increased, fewer people came to tour.

EEC visitors spent £636m, Western Europeans £313m, North Americans £476m, and visitors from other areas £870m.

The trend is for more UK residents to take second and winter sporting holidays, and UK tourism abroad in the first three months of 1979 is expected to show a significant rise over the 1978 level.

Burglar alarm sales up

BY JAMES McDONALD

LOSSES FROM house burglaries and thefts from industrial premises last year totalled £32m—20 per cent more than in 1977. And with efficient alarm systems driving thieves from offices and factories they are increasingly concentrating on households.

Last year, Britons installed 7,000 intruder alarms in their homes—12½ per cent more than in 1977 but still well behind the growth in burglaries and a long way behind the 750,000 systems the National Supervisory Council for Intruder Alarms believes is needed.

The council was established in 1971, supported by the Home Office, police forces, insurance companies and the security industry. It aims to improve the standard of service, equipment and maintenance in the installation of intruder alarm systems, and to reduce the high incidence of inefficiently maintained false alarms.

Reliable

While alarms can be expensive, in the region of £250 upwards, it is argued that this offsets the loss of large sums of money or valued possessions and they also reduce the fear of theft or burglary.

To eliminate the risks—in using "back-street" alarm installers who often do not carry out maintenance, the council keeps a roll of 110 reliable installers throughout the UK. Each checked for technical competence and experience, they are required to provide a 24-hour service. the council will check any installation certified by approved installers provided they are still enrolled when a complaint is received.

Approved installers must also issue a certificate for each new installation. Since the council's formation, 6,940 were installed in the first 9 months of 1972, compared with 26,605 last year. Approved installers supply about 80 per cent of British needs.

Works managers rap Institute

BY JASON CRISP

A REPORT published by the British Institute of Management which criticised the part played by professional institutions in developing Britain's production engineers has enraged the Institution of Works Managers, which has just affiliated to the BIM.

The report concluded: "The existing professional institutions have failed the country's production managers by concentrating on technological aspects of their jobs rather than the managerial without even satisfying the need for more engineering expertise."

Mr. Christopher Benson, director-general of the institution, described this as "nonsense" and said that his organisation's courses concentrated on the improvement of management skills. The first two years of the four-year courses to qualify for membership of the IWM deal purely with managerial aspects of production management, such as finance, economics and human relations. Technology teaching was only a small element of later parts of the course, he added.

Although the IWM is the main professional qualification for production managers — the institution boasts that its 20,000 members are responsible for over 3m people in productive industry — the British Institute of Management did not even consult it on this study, said Mr. Benson.

"The BIM's attitude mirrors industry's own attitude to the production function. It is distressing that at the very time of my institution's affiliation to the BIM it should make this misleading and inaccurate statement.

"To state that institutions have not achieved attractive career structures, educational standards, social esteem or associated financial rewards for their members is the final straw in an unconsidered and irresponsible statement," Mr. Benson added.

The British Institute of Management, while refusing to comment because it had not seen Mr. Benson's statement, said: "We hope that we can get together with all the institutions and other parties concerned with production management so that we can make progress from the overall depressing situation revealed by the Advisory Panel on Management Education report."

The Career Development of the Production Manager in British Industry.

Two in three Londoners use private transport

LONDONERS do little more than a quarter of their travelling by public transport compared with two-thirds by private transport, mostly cars, it is claimed today.

Mr. Andrew Warren, secretary of the Movement for London campaign, says that Government statistics on transport in the capital contradict the assumptions of many municipal leaders that public transport is the dominant mode of travel.

"No less than 65 per cent of the mileage recorded by travellers in the built-up area of London is by car, van, motor cycle or bicycle," Mr. Warren says. "This is an increase in the 'market share' of private transport, particularly cars, by 10 per cent over the past decade in London, from 55 to 65 per cent." (The figure for public transport was 28 per cent.)

European paper institute formed

A NEW body to provide statistical information on the European paper industry is to be formed. It will be called the European Paper Institute and a director is to be appointed shortly.

By Guernsey to Guernsey

A NEW Fokker F-28 jet aircraft belonging to the Dutch airline NLM was named "Island of Guernsey" on Saturday by Sir John Loveridge, head of the island government.

NLM, a subsidiary of KLM Royal Dutch Airlines, started direct services last summer from Amsterdam and Rotterdam to Guernsey.

The airline named the aircraft after the island because of the success of the new routes, on which capacity is being trebled this year. The Netherlands is now Guernsey's second most important tourist market.

Wine and spirit newcomers have Russian connection

BY JOHN EDWARDS

A RUSSIAN CONNECTION is behind the attempt by two newcomers to enter the UK wine and spirits trade. Camus Cognac, best-known to the British as a duty-free brand, is to compete in the very competitive UK market and it has appointed E. D. and F. Man—the sugar broker—as its UK agent.

The link between the two companies was established because both have strong trading interests with the Russians. Camus is the French import agency for all Russian alcoholic drinks and also has exclusive selling rights of all French wines and spirits into Russia.

E. D. and F. Man made its name, and fortune, by handling the huge Soviet purchases of sugar in 1974 when a world scarcity developed and market prices soared to all-time peaks. It has retained those connections but while remaining a powerful force in the world sugar market has diversified considerably.

The six-man partnership operates more than 60 subsidiary and associate companies throughout the world. These activities are based mainly on commodities, ranging from a share in a giant coffee estate in Brazil, a big stake in the English Association investment trust, and trading interests in sugar, cocoa, general produce, spices and cement worldwide.

E. D. and F. Man has a strong historical connection with the wine and spirits trade. In 1788 it was granted the sole broking rights for rum and the supply of the traditional daily "tot" to the Royal Navy. In 1939 when the Government wanted to preserve grain supplies, rectifiers turned to sugar to provide their basic spirit and for 10 years the spirit was imported by the group for the distillers.

The link with wine and spirits trade languished when supply of the rum "tot" was ended in the early 1970s. However, a new subsidiary E. D. and F. Man (Victuals) is to launch Camus cognac and a wide selection of wines in the U.K.

Camus is an established world name for cognac: it claims to be the biggest single duty-free selling brand. However, it has avoided the UK market because it felt unable to compete with the well established brands. Camus now feels in a strong enough position to gain a foothold in what is still the biggest export market for cognac in the world.

It is likely to be a tough battle with an estimated 90 per cent of the market in "tied" outlets through special deals between the big breweries and individual cognac suppliers.

TOP OF THE LEAGUE

Vehicle production in Britain in 1978	
BL	**743,103**
Ford	430,879
Chrysler	214,098
General Motors	201,484

Source SMMT

Exports in 1977 (Latest available Industry figures)	
BL	**365,128**
Ford	221,983
Chrysler	132,963
General Motors	70,714

Source SMMT

HOME & AWAY.

BL is far and away Britain's leading motor manufacturer. We make almost as many vehicles as the whole of the rest of the motor industry in Britain. From Minis to 240 ton special purpose trucks.

And remember, nearly 30% of the vehicles the other major manufacturers sell in Britain are shipped in from overseas.

Unlike BL.

96% of our home sales are vehicles made in Britain.

We don't just make British.

We also buy British. Our purchases in Britain in 1978 were around £2 billion. Far more than any other UK-based motor manufacturer.

So much for our home record. Our record away is pretty impressive too.

Export statistics for the industry in 1978 are not yet available.

But our own export earnings of £910 million show that over 40% of the vehicles BL made in Britain last year were sold abroad.

And when you subtract our imports from our exports, you'll find we're Britain's biggest foreign currency earner.

And this, in a country that stands or falls on its exports.

So let's not forget.

A large successful British motor industry is fundamental to Britain.

We're large.

We're certainly British.

And we're on the way to being successful.

BL Limited

Air Europe gets first Boeing

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE UK's newest airline, Air Europe, takes delivery in Seattle today of the first of its £30m fleet of five Boeing 737 short-haul jets. It is due to arrive at Gatwick on Wednesday.

The line has been set up primarily as a holiday tours operator by Mr. Harry Goodman, chairman of Intasun, one of the UK's biggest tour organisers he is chairman of the new enterprise.

Major shareholders are Flagcraft—of which Mr. Goodman is the principal shareholder—and Airline Management Associates, whose own shareholders are Mr. Martin O'Regan and Mr. Errol Cossey.

Mr. O'Regan is the chief executive of Air Europe and Mr. Cossey commercial director. Also on the board is Sir James Hill.

The line has its offices at Reigate, close to Gatwick, which will be its main base. It has already engaged 40 pilots out of over 500 applicants, and 80 cabin staff from more than 2,000 applicants. Eventually staff will exceed 200.

The first fare-paying passenger flight will be on May 4, to Palma, Majorca, with 130 holidaymakers. This year the airline will carry more than 250,000 passengers on 2,100 round-trips between the UK and 29 holiday destinations in eight European countries, and all seats have been sold.

Air Europe is now selling seats for flights in 1980, and will soon start selling for 1981. For the current year the biggest client is Intasun, taking 45 per cent of the seats. The rest have gone to Enterprise Holidays, Exchange Travel, Inghams, Swans, OSL, Pontinental and Carousel.

The line is aiming for a turnover of £10m this year. The second of its Boeing 737s is due for delivery on May 4 and the third in early June, with the remaining two due in the spring of 1980.

Air Europe's Boeing 727 to be delivered today

Bank warns on dangers of financial setbacks

By Peter Riddell, Economics Correspondent

WARNINGS about the danger of euphoria in financial markets came over the weekend from a number of City analysts.

In its UK financial survey Barclays Bank Group economics department warns that after the cut in Minimum Lending Rate on Thursday "the point is being reached which leaves the market exposed to a reconsideration of the fundamentals.

"Although interest rates are likely to end the year below current levels, any further fall in rates would be unjustified until, in particular, a new Chancellor is able to demonstrate his ability to contain the public sector borrowing requirement."

Barclays says that if dollar interest rates were to rise sharply or if gilt-edged investors' appetites proved to have been satiated, or if the growth in advances were to continue, rates would move up again.

"Above all, sooner or later, foreigners are likely to take the view that the current exchange rate flatters any new Government's ability to bring about a significant improvement in our prospects quickly, especially in the case of reducing the size of the public sector borrowing requirement."

The review also warns about indications of a strong rise in bank advances, and several leading firms of stockbrokers share this concern.

Brokers Joseph Sebag note that both bank lending and overseas inflows are pushing monetary growth above target. Therefore, the firm says, "a little more caution is necessary in the short-term, but our strategic stance, based on a belief in the gradual easing of economic expansion later in the year, remains essentially bullish."

Haulage group sells to expand

THE Alltransport International Group, one of Britain's largest freight forwarders, has sold its Howe (European) haulage company to the Aston Clinton Haulage Company of Aylesbury for an undisclosed sum.

But a service to West Germany will still be operated by an Alltransport subsidiary. The money from the sale will be used to expand the company's other activities.

Accept 13% pay offer, postal workers urged

BY ALAN PIKE, LABOUR CORRESPONDENT

POST OFFICE workers are told by their union today that a pay offer which they are being urged to accept will "stand examination alongside any other settlement made in the public sector."

The offer, consisting of an 8 per cent increase in basic rates and other improvements, is worth 12 per cent in the current financial year and 13.3 per cent a year after some consolidation of supplements has taken place in July.

Mr. Tom Jackson, general secretary of the Union of Post Office Workers, tells members in a publication explaining the offer that the impending General Election has influenced the union's executive in deciding to conduct a branch ballot now.

"In the opinion of the executive council it would have been wrong to gamble with our members' pay on the basis of a new government. When a new government takes office anything can happen and the UPW, like all unions with settlements pending, is seeking to have the settlement agreed before the change takes place."

Results of branch ballots on the offer will be known on May 1, just before polling day. The outcome is likely to be decided by postal workers' reaction to an efficiency scheme designed, among other things, to eliminate unnecessary overtime and permit part-time staff.

Mr. Jackson explains that during negotiations the Post Office management sought union agreement on the use of casual and temporary postal workers but the union had "refused point-blank" the introduction of casuals. However, the union agreed to consider the use of part-time workers in certain circumstances subject to a Post Office undertaking that its policy was to "staff the postal service primarily by full-time career staff."

The advent of compulsory union membership for UPW grades and the provisions of the Employment Protection Act, says Mr. Jackson, had nullified many objections to the use of part-time staff. It could no longer be claimed that they were cheap labour.

Under the proposed agreement it will be possible to use part-time staff to help meet the service commitments of an office "supplementary to the use of full-time staff and acceptable overtime."

The Post Office has agreed, however, to recruit no part-time workers who intend to remain in full-time work elsewhere. Priority will be given to enabling existing postal workers to opt for part-time employment between the ages of 60 and 65.

Perkins plant barricaded

WORKERS AT Perkins diesel engine plant, Peterborough, yesterday barricaded the gates and prepared for an indefinite strike over pay.

The move came after 7,000 men walked out.

Pickets took over the gates and sealed off entrances.

and sealed off entrances. Company lorries and vans were parked across the roads and the keys confiscated. Packing cases, chains, strips of metal and wood were used to block gateways.

One picket said: "No one is going in until our claim is met—even if it takes six months."

The strike is unofficial. The men, mainly members of the engineering workers' union, are demanding pay parity with group workers in the Midlands in a package deal which would give the man extra £30 a week. A management offer of increases between £8 and £10 a week has been turned down.

The pay parity issue has been in dispute since 1973 when the plant was closed for a month with the loss of 40,000 engines. The company is the biggest employer of labour in the Peterborough area.

Businesses launch Euro-union

By Colleen Toomey

A EUROPEAN union for small businesses is launched in Rome today by representatives of centre-Right political parties from 17 countries.

Mr. David Mitchell, a Conservative MP and chairman of the Small Business Bureau, heads a British delegation of 25 businessmen and will join in approving a manifesto for the European Medium and Small Business Union.

The union is to tackle problems facing small businesses in Western Europe through pressure groups within the centre-right parties and at the European Parliament.

"We see the union as a vehicle for co-ordinating pressure on behalf of small companies to defend their interests and to encourage the development of their enormous potential within the Western countries," said Mr. Mitchell.

"We will call for the formation of a small business committee within the European Parliament in the same way as the Conservative Party has established a small business committee over the past four years at Westminster," he said.

Demand spurs rise in retail property rents

BY ANDREW TAYLOR

THE STRONG demand for retail properties experienced in 1978 is continuing this year, according to a property investment review.

Edward Erdman, the surveyor, says that the surge in consumer spending last year prompted a considerable increase in demand for shop property, and evidence suggests that this demand is continuing.

With good quality retail sites in prime areas in short supply, demand is spilling over even into third-rate towns, but only for well-located units where prospects of "above average growth may be anticipated."

The review says that the principal source of demand for prime shop property is still being generated by fashion retailers which with their large turnovers and relatively high profit margins "seem able to sustain the highest rental levels which the shops command."

In comparison, the market for secondary shops, particularly the larger units, have been dominated by do-it-yourself concerns and discount retailers such as food and electrical stores.

Erdman says that the strong demand for shop properties has had a "dramatic" effect on rental levels. "There have been few good quality shop properties available in the face of considerable demand. As a consequence, substantial increases in shop rents have been experienced in the majority of big towns and cities.

"This applies in particular to prime shop property. Competition for these prime shops has been acute and the market has seen a number of tenders."

Erdman say that further rental increases can be expected, "certainly in the next quarter," although longer-term forecasts were difficult to make because of the coming General Election.

On property investment generally, the review says that institutional demand for property has continued unabated despite the current low yields of between 4-4½ per cent for the highest quality shops and offices.

It says: "Prospective growth in rentals is the single most important factor which purchasers are examining and expecting to justify the yields which they are now paying for prime properties."

OBITUARY

Frederick Ellis

MR. FREDERICK ELLIS who, as City editor of the Daily Express for 20 years until 1968, did much to popularise the reporting of City and company affairs, died on Saturday after a long illness. He was 64.

His first job, was as a 10 shillings-a-week messenger on the Daily Express, in 1929 when he was 14. He moved into the paper's City office in 1930 and was afterwards City sub-editor in Glasgow and in Manchester.

After wartime service in the Royal Navy, Mr. Ellis was appointed City editor of the Daily Express in 1948, at the age of 32. In the succeeding two decades his reports helped to focus the attention of non-experts on financial developments. In the 1960s he introduced a City diary, Under the Clock.

He resigned the City editorship in 1968 and moved to the U.S. staff of the paper when he married his second wife, an American.

Mr. Ellis left the Daily Express in 1971 and was later a contributor to the City pages of the Sunday Telegraph.

Power men face action call on pay

By Our Labour Correspondent

ELECTRICAL power engineers will today be urged by their union leaders to support industrial action if it is necessary to restore adequate differentials with manual workers in the electricity supply industry.

The Electrical Power Engineers Association has an agreement which establishes a relationship between its members' pay and that of manual workers. This has, however, become eroded during recent pay policies, and the union claims there are indications that electricity boards want to revoke the agreement "irrespective of any government policy in order to compress differentials in the industry still further."

At the association's conference in York the executive will today urge delegates to support a motion declaring that the relationship with manual workers "cannot be allowed to deteriorate for a further consecutive year" and that restoration of the differential is a major aim of association policy.

The association's claim for this year has been held back pending settlement of the manual workers' negotiations. They are now being consulted on an offer of 9 per cent plus consolidation of bonuses and an extra day's holiday.

The association is part of the wider Engineers and Managers Association, which has been involved in disputes with other TUC unions over its efforts to recruit members in the engineering and related industries.

It relaxes you on the M6. Impresses you on the A38. Excites you on the B4012. And attracts admiring glances in Regent Street.

The quite exceptional car we refer to is the elegant and stylish Gamma Berlina you see pictured here.

To begin with, we have unashamedly spoilt the driver and his passengers. (In particular, it is our belief that if a driver lacks for nothing, he will feel more relaxed and alert, especially after long journeys.)

The interior is extraordinarily roomy. Thick pile carpet is fitted door to door. The roof is beautifully quilted. And the seats, which can carry five adults in extreme comfort are contoured and thickly padded. In addition, they have adjustable head-rests and are covered in an elegant and luxurious cloth fabric.

The steering wheel is adjustable, the windows electrically operated and the driver's seat can be adjusted for both height and tilt.

In terms of performance, especially on major roads, the Gamma is a thoroughbred Lancia. The powerful 2.5 litre boxer engine gives impressive acceleration when you need to overtake, with a smooth 5 speed gearbox, as well as a top speed of over 120mph. Like every Lancia, the Gamma has front-wheel drive for impeccable handling and roadholding on the twists and turns of winding country roads.

Steering is power assisted and should you meet a flock of sheep en route, dual system brakes provide exceptional stopping power. Which means that the Gamma handles like a car half its size.

Finally, we feel certain that the restrained elegance of the Gamma Berlina will not go unnoticed in the traffic jams around town.

You will be relieved to know that this car carries a very sensible price tag which will not deter even the most austere of financial directors. (You might mention too, that the new 12,000 mile service intervals practically half servicing costs.)

If you would like to test drive the Gamma Berlina, talk to your Lancia dealer. He'll be happy to prove that the claims we make for this car are a refreshing reality. At the same time ask him about our special leasing schemes, which offer some striking financial advantages.

Or if you are eligible to purchase a Lancia free of taxes, contact our Export Department.

LANCIA
The most Italian car.

Lancia (England) Ltd., Alperton, Middlesex.
Tel: 01-998 5355 (24 hour sales enquiry service).

**Price includes car tax, VAT at 8%, inertia reel seat belts and delivery charges on UK mainland, but excludes number plates, metallic paint and leather upholstery.*

The Lancia Gamma Berlina. £7,135.83*

Tories offer council homes at half-price

BY ELINOR GOODMAN, LOBBY STAFF

MR. MICHAEL HESELTINE, the Conservative spokesman on the Environment, produced the first real electoral carrot of the Tory campaign at the weekend when he gave details of the party's plans for helping council tenants buy their own homes.

A Conservative government would, he said, enable council house tenants of more than 30 years' standing to buy their houses at half price.

Tenants who had been paying rent for more than three years would be offered a discount of a third on the market value. Mortgages of 100 per cent would be available to all those who wanted them and were able to afford them, he promised.

The Tories would also have "urgent consultations" with Housing Associations about selling their properties to sitting tenants, he said.

Mr. Michael Heseltine

Apart from making a general commitment to cutting income tax, senior Conservatives are anxious that specific promises of policies which would either involve a reduction in Government revenue or an increase in public spending should be kept to a minimum during the campaign.

Mr. Heseltine's speech was apparently in keeping with this rule as he made it clear that the Conservatives regarded helping council house tenants buy their homes as a way of reducing public spending in the long term.

He also emphasised that safeguards would be built into the system to ensure that homes were not sold below cost or that occupiers did not end up paying less in mortgage repayments than they had in rent.

With Mrs. Thatcher making only one major public appearance this week, Mr. Heseltine is one of a small team of shadow ministers scheduled to take some of the media limelight away from Labour.

The main responsibility of replying to anything the Prime Minister may say at his first Press conference today is being left to Mr. Heseltine, who, though not considered an intellectual heavyweight by all his colleagues, is generally recognised as one of the party's most effective campaign speakers.

Mrs. Thatcher is not expected to get involved in any real dog-fights with Mr. Callaghan if her advisers can help it, but Mr. Heseltine will have no such inhibitions and is expected to launch an all-out attack on Labour policies today.

The Tory offensive will be taken up tomorrow by Mr. Reg Prentice, the party's most glittering convert and the prospective candidate for Daventry. The idea seems to be that Mr. Prentice should be used to get across the idea that Labour is a totally divided party and that Mr. Callaghan represents only, at best, one half of it.

As part of this general attack he is likely to focus on the Labour manifesto, which yesterday was being lambasted by the Tories as being little more than a cover-up for the red-blooded Socialist policies which a Labour Government would try to impose on the country if elected with a large majority.

Polls show Labour trailing further as campaign starts

BY OUR LOBBY STAFF

LABOUR was given a gloomy start for its election campaign yesterday by the opinion pollsters. Two polls showed that Labour's rating had got worse, and a third was hardly more encouraging when it suggested that the party's standing in the key marginal seats had improved only fractionally over the last week.

The worst news for Mr. Callaghan was contained in a poll carried out for the Observer by Research Services. This showed a 21 per cent lead for the Conservatives, the largest ever recorded for any political party during a general election campaign since opinion polls began in 1939.

Translated into votes it would give the Tories a majority in the House of Commons of more than 200 seats, though not even the most optimistic Conservative would expect this lead to be maintained during the campaign.

Another poll carried by Marplan for the News of the World showed that the Conservatives have more support among young voters than Labour. Whereas a year ago Labour had a lead of 12 per cent among first-time voters, now the Conservatives are 2 per cent ahead. But the polls also showed that 29 per cent of voters under 23 still had not decided how to vote, though when pressed more of them said they would vote Labour than Conservative.

Meanwhile the Marplan survey of 100 key marginal seats, which is being carried out at weekly intervals throughout the campaign for the ITV programme, Weekend World, showed that Labour had managed to pull back only one percentage point in the week to yesterday.

The polls showed a Conservative lead over Labour of 13 per cent on a swing of 6.2 per cent. If such a swing were repeated on polling day the Tories could expect to take more than 60 seats from Labour.

The biggest change since last week was that the number of people undecided about how to vote had dropped from 24 per cent to 14 per cent, with the two main parties picking up support fairly evenly.

Despite the Tories' overall lead, a majority of electors still think that Mr. Callaghan would make a better Prime Minister than Mrs. Thatcher.

Manifesto 'a cover-up' claim leading Tories

BY ELINOR GOODMAN

LABOUR'S election manifesto was torn apart yesterday by Conservatives, delighted to have been given what they claimed was further evidence of the disaster that would follow another Labour victory.

Dismissing suggestions that the Prime Minister had succeeded in outmanoeuvring the Left at the final manifesto meeting on Friday night, the Conservatives maintained that, in reality, the document was nothing more than a cover-up.

The proposals for a wealth tax and further powers for the National Enterprise Board were singled out for particular abuse.

Both Mr. Norman St. John Stevas, the shadow leader of the House, and Mr. Teddy Taylor, the shadow Scottish Secretary, claimed that the document failed to give a true picture of Labour policies.

At best, said Mr. Taylor, the country had been given "the sheep's clothing in which the designs of the Left are to be wrapped."

Mr. St. John Stevas claimed that despite "the Callaghan camouflage," the Labour leopard's spots were as "flaming red as ever."

Mr. Angus Maude, deputy chairman of the Tory party, who even before the manifesto was unveiled on Friday was attacking its expected contents, pointed to what he regarded as the contradictions in Labour policies. The manifesto, he said, promised huge increases in public spending while at the same time promising to cut income tax.

Mr. Nicholas Ridley, vice-chairman of the Conservative finance committee, reserved the worst of his abuse for the wealth tax proposals. It was absolutely crazy, he said, that people should be taxed on an amount which was worth only £50,000 10 years ago.

Mr. Norman Tebbit, Tory candidate for Chingford claimed that it would not be long before people on average earnings had to pay a wealth tax if Labour had its way.

Mr. Edward Heath, the former Conservative leader called the manifesto "more of the same old medicine"—the same pathetic belief in the extension of public ownership; the same attempt to impose trade union "democratic control."

The yawning credibility gap between past performance and future promises damned the Labour manifesto from the start, he added.

Mr. Denis Healey, the Chancellor, responded with a challenge of his own to the Conservatives. Anticipating the publication of the Tories' manifesto on Wednesday, he called on Mrs. Thatcher to specify which of the public services she intended cutting as part of her commitment to reduce public spending.

Votes pact talks fail

By Stewart Dalby

ULSTER'S Unionist parties have failed to arrive at an electoral pact and field agreed candidates in some of the province's 12 constituencies.

This could mean that at least two seats will be lost either to the mainly catholic Social Democratic and Labour Party or the non-sectarian Alliance Party.

The Official Unionists, the United Ulster Unionist Party, the Unionist Party of Northern Ireland and the tiny British Dominion Party met in Londonderry at the weekend.

But without the pact they sought, the vote in several Unionist-held seats could be badly split.

The United Ulster Unionist Party, for example, plans to run Mr. Cecil Harvey, a businessman, against Mr. Enoch Powell in South Down.

Callaghan warned of 'Left takeover'

BY OUR LOBBY STAFF

FUEL FOR the Conservatives' campaign to brand Labour as a party of extremists came yesterday from a group claiming to have the best interests of Labour at heart.

The Social Democratic Alliance, which was founded in 1975 to represent what it called "grass-roots Labour moderates" and later supported Mr. Reg Prentice in his fight with the Left at Newham North East, wrote an open letter to the Prime Minister warning him that the extreme Left was on *the verge of taking control of* the Parliamentary Labour Party.

It urged him to "reassure" Labour voters that he did not support the views of those Left-wingers who hoped to be *returned to Parliament on his* "coat tails."

The Alliance, whose membership consists mainly of Right-wing Labour local government workers, suggested that Mr. Callaghan should make a public promise not to appoint to his next Government any MP who had been associated with "extremist organisations" and had not since repudiated them.

To help Mr. Callaghan—and, presumably, the Tory Party—seek out the extremists in his ranks, the Alliance accompanied its letter with a copy of its latest publication, *The Mutation of Labour, which sets* out to show that the party's organisation is already controlled by the extreme Left.

'Hard' to keep control of North Sea oil

BY MAURICE SAMUELSON

BRITAIN would have to fight immensely hard in the 1980s to prevent the EEC from getting control of her North Sea oil, Mr. Anthony Wedgwood Benn, Energy Secretary, said yesterday.

Claiming that he knew how to handle the oil companies, Mr. Benn warned that the EEC Commission could have recourse to the European court.

His relations with the oil majors had always been "absolutely open" and, despite Press campaigns, the oil giants had privately told him that Labour's oil policy was the best in the world.

In a counter-statement, Mr. Tom King, Conservative Energy spokesman, said that "the dead hand of Bennite interference" had left its mark on the UK oil industry.

The Conservatives would immediately review BNOC's operations to determine whether they benefited the nation. Pending the outcome of the review, BNOC would lose its financial privileges and pay petroleum revenue tax like the other oil companies.

The Tories would consider offering larger areas for exploration than those in the latest licensing rounds.

Police body appeals to candidates

By Our Lobby Staff

THE POLICE FEDERATION stepped into an election campaign for the first time yesterday. While it was careful not to come out for a particular party, the policies it advocates are likely to strike most sympathetic chords among Conservative candidates.

It has sent an open letter to all candidates, urging them to support the reintroduction of capital punishment for murder, in particular for acts of terrorism, and stiffer penalties for violent crimes.

Research finding

The Federation also drew attention to a research finding which claimed that 19 per cent of voters regard law and order as an election issue. Mr. James Jardine, chairman of the Federation, said yesterday that any party which did not treat law and order as one of the most important issues would "pay the penalty on polling day."

Proclamation dissolves Parliament until May 9

The Royal proclamation dissolving Parliament was issued in Edinburgh and the City of London on Saturday.

The dissolution means that MPs are barred from the precincts of the Palace of Westminster except to pick up mail.

MPs and their secretaries cannot use House of Commons facilities copying machines or franked Commons envelopes.

For the first time, MPs will be paid until polling day. Those who lose their seats on May 3 will be entitled to claim three months' pay.

Political parties with staff at the House of Commons must close their offices until Parliament reassembles.

The Government, however, continues during the campaign.

The new Parliament will be summoned on Wednesday, May 9, for the election of a Speaker and the swearing-in of members.

The State opening by the Queen will be on Thursday, May 15.

The Proclamation will be read from the steps of the Royal Exchange, London today and at the Mercat Cross, Edinburgh on Wednesday.

Weighell urges railmen to pay up for Labour

THE National Union of Railwaymen yesterday began an attempt to mobilise its 180,000 members behind a campaign to ensure the return of a Labour government.

Local branches are being urged to make generous payments to a central fund to add to the £40,000 which the union's executive has decided to give to the Labour election fund. In addition, maximum contributions will be expected from local NUR branches to Labour constituency parties.

Mr. Sidney Weighell, general secretary, told union officers at Brighton yesterday: "We shall be making the maximum contribution to back up the 13 candidates the NUR are sponsoring in the General Election and will be organising an intensive support effort in the marginal constituencies."

PETER RIDDELL ON THE ECONOMIC INDICATORS

How a set of statistics can influence voters

POLITICIANS, ESPECIALLY Labour ones, have been sensitive about economic statistics ever since the 1970 election *when the import of two Jumbo* jets resulted in a bad set of trade figures three days before voting.

According to Labour mythology, as enshrined in the Crossman diaries, this helped to reinforce the late swing to the Tories.

But, at least Mr. Callaghan does not have this worry during the current election. There will be no trade figures at all this *month, an ironic result of the* civil servants' industrial action.

The electoral significance of any set of figures can easily be exaggerated, but they do have a "headline" impact and are used as ammunition during the campaign.

The influence of statistics—in whichever direction—will be felt mainly in the first half of the campaign since all the key economic indicators will appear *within the next fortnight. The* release dates for these figures are chosen not by politicians but by *civil servants and the* timetable is fixed well in advance.

If the polls are to be believed, prices are the main issue for voters and the news here is likely to be mixed for the Government.

The wholesale price indices, due out this afternoon, are likely to show that the sharp rise in sterling in March held down, and possibly reduced, the *level of industry's raw material* costs, after a 4.8 per cent rise in the previous six months.

On the other hand, the figures could show a further slight pick-up in the rate of increase of industry's output prices. In the same area, considerable political ammunition could be provided by the Price Commission index of rises notified by large companies.

This is expected either just before or just after Easter. This index already points to a double-figure underlying rate of *inflation which the new index* is likely to confirm.

However, the retail price index *for mid-March*, due on Thursday, may not be as embarrassing as feared for the Government.

The 12-month rate of increase —9.6 per cent in February—is expected by most analysts to remain in single figures, though the exact outcome may depend on the fluctuations of seasonal *food prices on the day the index* was calculated. The 12-month rate is, however, likely to move *above 10 per cent within the* next month or two.

Earnings

Some indication of the rate of increase in pay should be provided by the average earnings index for February, due on April 18.

But Mr. Healey has already admitted that the increase in the current pay round is likely to be about 13 per cent. This compares with a rise of 14½ per cent in 1977-78 and the original 5-7 per cent limits for 1978-79.

It is difficult to estimate the likely trend in unemployment. *After rising by 41,800 in the* first couple of months of the year the total number of adults out of work fell by 12,100 to 1.35m in the month to mid-March.

The mid-April figures are due on April 19, though possibly more important than the monthly fluctuations will be the overall total.

The other statistics are more esoteric. Nonetheless, they may give the politicians something to argue about. While the February industrial production index, due on Thursday, may show some recovery from the depressed level of January the trend over the last year has still been sluggish — especially in manufacturing industry.

Yet for all the debate about the statistics, the economic indicator most likely to appear in the headlines may be sterling—*in view of its recent strength.*

Voters will, however, be most directly affected by the arrival *this month of domestic rate de*mands with average increases in England and Wales of 18.5 per cent. On the other hand, parents will be receiving from this month an increase in child benefits of £1 a wek to £4 for each child.

Otherwise there will be a distinct silence on the economic scene. The Civil Service will be quietly working on briefs for a new Government of whichever party, while outside bodies will also seek to avoid party political controversy. Even the National Enterprise Board annual report, which looked like being ready before the election, will now probably come out later.

MAJOR ECONOMICS STATISTICS
BEFORE THE ELECTION

9	Whole price indices for March
10	Central government borrowing for March
	Banking figures for mid-March
12	Retail price index for mid-March
	Industrial production index for February
18	Retail sales index for March
	Average earnings index for February
	Cyclical indicators for UK economy for March
19	Unemployment for mid April
	Money supply figures for mid-March
23	Consumer spending for first quarter

Source, Central Statistical Office

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

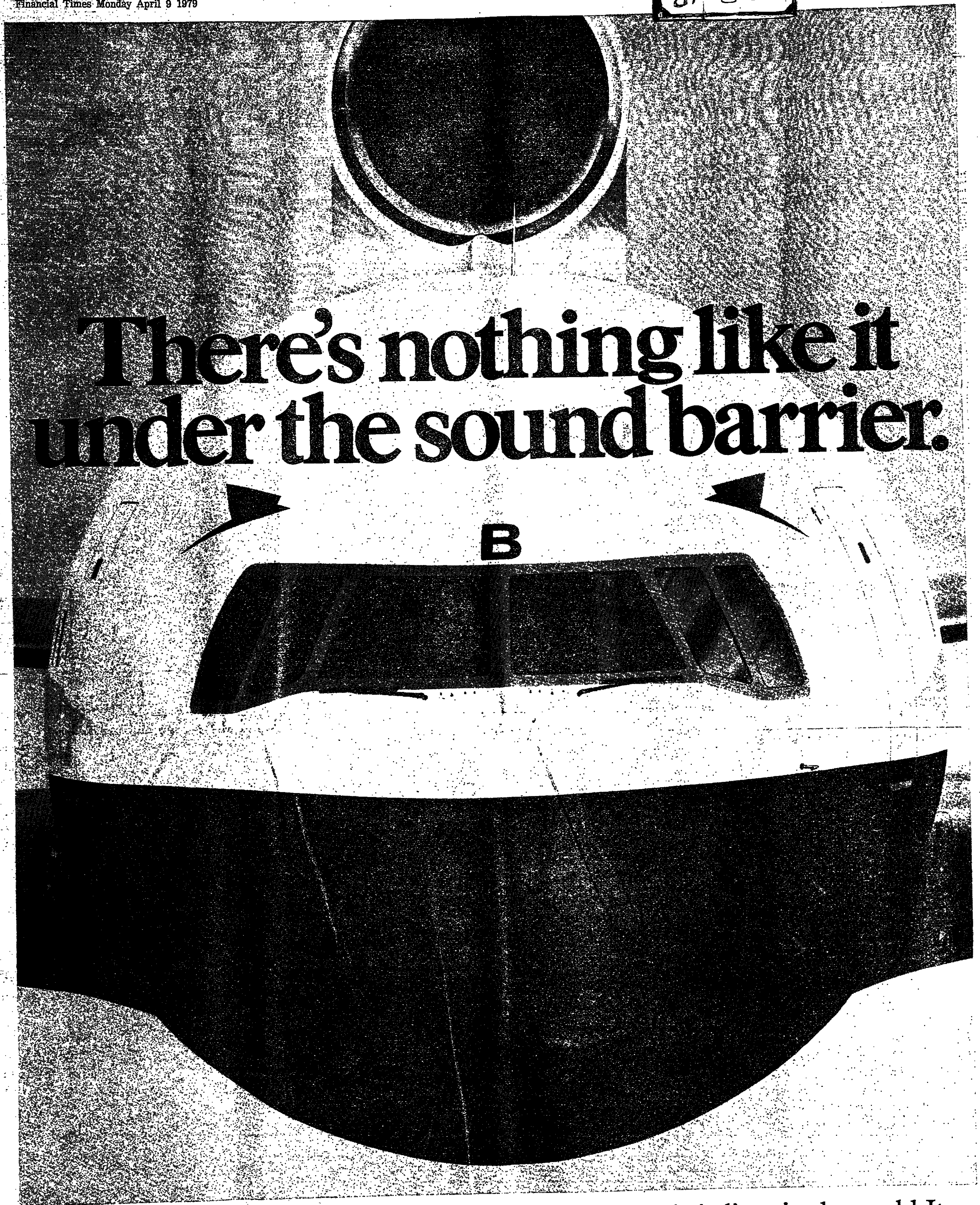
Date	Title	Venue
Current	Birmingham Motor Show (0602 51202) (until Apr. 17)	Bingley Hall
Apr. 9—14	Ideal Homes Exhibition (031 225 9657)	Assembly Rooms, Edinburgh
Apr. 18—21	National Food Services (01-686 7181)	Grosvenor House, W1
Apr. 22—24	Numerical Control Equipment Exhibition (01-681 7055)	National Agricultural Centre, Warwickshire
Apr. 23—27	Storage, Handling, and Distribution Exhibition (01-446 2411)	Earls Court
Apr. 23—27	International Fire, Security and Safety Exhibition (01-388 7661)	Olympia
Apr. 25—26	Contract Flooring Exhibition (01-236 0911)	
Apr. 30—May 6	Boat Show (0703 32348)	Exhibition Centre, Bristol
May 2—4	International Freighting Services and Equipment Exhibition—Freight Show North (01-437 0644)	Exhibition Centre, Harrogate

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	*Fur Industries Exhibition (SIF) (until Apr. 11) (01-439 3964)*	Paris
Current	MODEXPO—International Ladies' Fashion Fair (until Apr. 10)	Zurich
Apr. 14—23	International Trade Fair	Milan
Apr. 19—25	International Book Fair	Jerusalem
Apr. 20—27	International Spring Fair (01-486 1951)	Zagreb
Apr. 20—29	International Household Fair	Amsterdam
Apr. 21—29	AGRO '79—Northern Agricultural Fair	Braga
Apr. 21—May 1	Swiss Industries Fair and European Watch, Clock and Jewellery Fair	Basel
Apr. 26—28	FESPA 79 International Screen Printing Trade Fair	Amsterdam
Apr. 28—May 2	International Collectors' Fair (01-236 0911)	Stuttgart
Apr. 28—May 13	International Trade Fair	Brussels

BUSINESS AND MANAGEMENT CONFERENCES

Date	Title	Venue
Current	IPM: Industrial Relations Law: The impact of current legislation (01-387 2844) (until June 7)	Upper Woburn Place, WC1
Current	BTSC: Senior Management Course (04862 5444) (until April 28)	Woking, Surrey
Apr. 9	The 48 Group: Trends in British Trade with China (0772 51831)	Guild Hall, Preston
Apr. 10	AGB: Trade Union Recognition—the options (01-353 3651)	London Press Centre
Apr. 10	The Institution of Mechanical Engineers: Power from Coal (01-222 7899)	Birdcage Walk, SW1
Apr. 11	LCCI: Conference on Libya (01-248 4444)	Cannon Street, EC4
Apr. 11	The Henley Centre for Forecasting: The Budget (01-236 3011)	Carlton Tower Hotel, SW1
Apr. 11	BAMA: Achieving production efficiency (0703 842765)	Kensington Close Hotel, W8
Apr. 14—21	*CBA/John Ridgway: Training Course (01-720 7711)*	*Ardmore*
Apr. 18—19	IMPI/AMEDA: Microwave—a Cooking Revolution (0582 411001)	London, W8
Apr. 18	AGB: Executive Secretary (01-353 3651)	Charing Cross Hotel, WC2
Apr. 18—20	Eurotech Management Development Service: Be a More Effective and Persuasive Communicator (0252 313066)	Cafe Royal, W1
Apr. 19	AGB: Essentials of Employment Law (01-353 3651)	Cafe Royal, W1
Apr. 19—20	FT Conference: South East Asian Banking and Finance (01-236 4382)	Singapore
Apr. 19—20	MSS Computer and Business Consultancy: Manufacturing/Production Control Concepts (Worthing 34755)	Worthing
Apr. 19—20	Malaysian Investment Centre: Assisting UK Businessmen in the Expansion of Trade and Investment Opportunities in Malaysia (01-493 0616)	Piccadilly Hotel, Manchester
Apr. 20—23	IPM: Current and Future Developments in Pay Policy and Industrial Relations Practice (0865 735422)	Kennington, Oxford
Apr. 22—27	University of Bradford Management Centre: The Practical Skills of Managing People at Work (Bradford 42299)	Heaton Mount, Bradford
Apr. 23—May 4	Brunel Institute: Management of Research (Uxbridge 56461)	Uxbridge
Apr. 23—27	*Management Centre Europe: Marketing Management Course*	Brussels
Apr. 24—26	ESC: International Conference on Trans-National Data (057282 2711)	*Brussels*
Apr. 25	IMRA: Planning Our Markets for the Mid 1980s (Lichfield 234488)	Shrewsbury
Apr. 25	BCPA: Credit Control (01-405 1023)	Waldorf Hotel, WC2
Apr. 25	CCC: Industrial Tribunals—The Finance and Strategy of Preparing and Presenting Cases (01-222 6362)	Royal Garden Hotel, W8
Apr. 25—27	Institute for International Research: The 1979 Corporate Tax Conference (01-388 4817)	St. James, London SW1
Apr. 26	OEM Design Magazine: Microprocessors for your company *(01-839 3143)*	Cavendish Conference Centre
Apr. 26	BAS: Insuring Overseas Construction Projects (01-222 0323)	
Apr. 26	Mobile Training: Employee Participation—The Way Ahead (01-242 3067)	Café Royal, W1
Apr. 26—27	Executant Offices: Developing Technical Men as (Better) Managers (0494 33171)	The Bull Hotel, Gerrards Cross
Apr. 26—27	CCC: Tendering and Contracting in UK and Overseas (01-222 6362)	Hotel Inter-Continental, W1
Apr. 26—June 28	FT/The City University: City Course (01-236 4382)	Basinghall St., EC2
Apr. 27	The University of Leeds: Basic Principles of Community Law (0532 35036)	University of Leeds
Apr. 30	Fielden House Productivity Centre: The Companies Bill and the Fourth Directive (061 445 2426)	The Post House, Northenden



The new TriStar 500. It's the most advanced subsonic jetliner in the world. Its navigation control is second to none. As is the on-board computer.

It's slightly shorter than the original TriStar. But that's a breakthrough in itself: all the comfort of a wide-bodied jetliner in a plane that can travel further without refuelling. And that saves you time.

From May 7th our new TriStar 500s will be flying to Abu Dhabi and Dhahran. So you'll have a choice between the world's only supersonic aircraft, and the best in subsonic flight as well.

British airways

We'll take more care of you.

Building and Civil Engineering

UK consultants in big irrigation plans

PAKISTAN Water and Power Development Authority has appointed Sir M. MacDonald and Partners, Consulting Engineers, of Cambridge, consultants for the first stage of the Left Bank Outfall Drain Project (LBOD), a major drainage project in Southern Pakistan.

LBOD was proposed by the partnership in 1966 in the *Lower Indus Report*, the total cost being estimated, in 1969, at £35m. Construction of the 510 cubic metres/sec. capacity, 420 km. long open drain which will extend from Khairpur southwards to the Ran of Kutch, south of the river Indus, started in 1974 but progress has been slow and plan priorities have been modified due to a shortage of funds.

Sir M. MacDonald and Partners has been requested to prepare an up-dated feasibility study of the project and its component parts, together with a reconnaissance level study of possible future extensions. The objective is to draw up an economic and practical plan for the progressive implementation of the project. The assignment, which is for 12 months, is financed by the Ministry of Overseas Development.

The new study will include a complete review of the implementation programme for the LBOD main drain and some 600 kms of branch and link drains. In addition, a programme for the full development of the Sukkur Left Bank and for additional subsoil drainage works will be prepared.

The partnership has also been nominated by the Indonesian Ministry of Public Works to provide an advisory team to assist a water resources agency (PIBD) and an agency responsible for the central administration of foreign aid (FAAD).

Within PIBD, the team will advise on the management of the overall project and of the individual irrigation projects. They will also give advice on contract adminstraton and equipment procurement and will assist with the solution of problems relating to operation and maintenance of completed irrigation systems. For FAAD the team will endeavour to establish a better system of administration, operation and reporting for the various project loans received by the Directorate General of Water Resources Development.

The assignment is financed by the World Bank and will last for three years.

In the meantime, Groundwater Development Consultants (International) a joint company formed by Sir M. MacDonald and Hunting Technical Services has been appointed by the Indonesian Ministry of Public Works to provide consulting services for the Madura groundwater irrigation project.

Madura, which lies to the north of Java, has an area of 4,500 square kilometres and a population of 2.4m, the majority of whom depend upon agriculture for survival.

In 1977 the two groups completed a *feasibility study for* groundwater development on Madura.

The objective of the present *assignment, financed by the* Ministry of Overseas Development, is to construct, operate and monitor several pilot groundwater *irrigation projects* to prepare the way for future full development of groundwater resources on Madura. Drilling of 60 exploratory boreholes and installation, testing, operation and monitoring of approximately 30 production wells is planned. In addition, exploratory boreholes will be sunk for the on-going UNICEF rural water supplies programme.

Laing takes work worth over £10m

BIGGEST IN a series of new awards to John Laing Construction is an £8m contract to build a Crown Office Development for the Property Services Agency at Norcross, near Blackpool, Lancashire. Work has started and is due for completion in three years.

The linked "Y"-shaped building, which will be partly seven-storey and partly *nine-storey* with podium decks at ground- and first-floor levels, will complement seven buildings already on the 39-acre site. In addition to normal office accommodation, there will be a large basement plant area including a telephone exchange with facilities for 6,000 telephone lines and a departmental training centre with lecture theatres and conference facilities for 100 people. All sections will have a wheelchair access.

The structure, on large diameter bored pile foundations, will *comprise* an in situ reinforced concrete frame with hexagonal columns on a triangular grid. Cladding will generally be in precast units with highly insulated metal-framed curtain walling inset, some external brickwork at the lower levels and tiling to the four stair escape towers situated at the extremities of the building.

Birmingham City Council tenants at Pype Hayes will see their inter-war houses transformed into modern homes before their eyes over the coming 15 months when the Midlands Region of John Laing carries out a £1.75m modernisation programme.

The estate on the northern side of the city is being up-dated as part of a ten-year programme to bring about 35,000 older council dwellings in Birmingham.

While work is being carried out in phases of up to 40 buildings at a time, tenants will be *vacating* their houses at 8 a.m. each day and living in caravans placed by the council in the front gardens of their homes, *returning indoors to sleep* at night.

North East Region of John Laing has been awarded three contracts totalling about £1.5m. The largest is in Coulby Newham, Cleveland, where Laing will build 96 dwellings for up to 340 people at Tollesby Bridge under a £1m contract for the Middlesbrough Borough Council.

At Newton Aycliffe, Co. Durham, Laing will build an advanced factory for Aycliffe Development Corporation. Work has started with completion expected in September.

Under a £200,000 contract Laing will also build 20 advanced factories on the Swan Industrial Estate for Washington Development Corporation. Work has started with completion expected by January, 1980.

IN BRIEF

● *Costain Construction* has won a contract worth over £450,000 to erect a four-storey office block at Aberystwyth for the Property Services Agency. Subsidiary company of the group, Foundation Engineering, has extended its specialist operations in the *Gulf States* by opening an office in Muscat, Oman, to provide a site investigation service, including boring, drilling and sampling, and a back-up service in soils and material testing, foundation design and advice.

● Department of the Environment has approved Central Lancashire Development Corporation's scheme for a £1m sports centre at Clayton Green. Work is scheduled to start almost at once with completion expected in the summer of 1980.

● Contracts valued at over £4m have been awarded to A. and R. Astbury, of Cannock, Staffs., for the construction of schools, factory extension, factory units, access road, etc.

● Hydrographic survey section of Soil Mechanics, of Bracknell, Berks., has been awarded a £35,000 contract to carry out a detailed study into the circulation offshore of cooling water from the CEGB's nuclear power stations at Hinkley Point, Somerset.

● Site owned by the Guardian Royal Exchange Assurance Group is being developed by the company at Union Terrace, Aberdeen, as office accommodation.

● St. Columba's Hospice, Edinburgh, has placed an order worth £277,000 with Elliott Group of Peterborough for an extension.

● The 136-year-old magazine Building is this week appearing in new style. Changes made, says Editor Neil Murphy, are designed to reflect the growing status of the magazine as an opinion-forming publication and not merely a product-orientated trade journal. Publisher is a member of The Builder Group.

● Mr. Peter Mason, past president of the Institution of Structural Engineers and formerly a partner of Pell Frischmann and Partners, has been appointed executive director of Portland Associates Consulting Engineers, a new consultancy group which is being formed to provide a comprehensive consultancy service in the structural and civil engineering fields. Portland Associates is being established as a medium sized organisation to undertake professional consultancy work both in the UK and overseas from its 41 Streatham High Road, London, SW16 headquarters.

Fairclough in East Anglia

FAIRCLOUGH BUILDING has, so far this year, secured five new contracts worth over £4.25m, largest of which (£1.7m) is for a Fisheries Research Complex at Lowestoft for the Ministry of Agriculture Fisheries and Food.

Work on this four-storey purpose-built laboratory designed by the Property Services Agency at Cambridge starts after Easter. When complete, in early 1981, the new laboratory will be the largest of *its type within the EEC* and will unite scientists from several of the Ministry's scattered establishments.

In Peterborough, the division has negotiated a further housing contract, worth £1.5m, with the Peterborough Development Corporation to build 128 two-storey houses and flats at the Orton Township.

In Colchester work has already begun on a £500,000 fitting-out contract at the Sainsbury's supermarket in London Road, Lexden, and is due for *completion at the end of* August.

Meanwhile, at its base in Ipswich, where the company has recently handed over the first phase of the new £6m Debenhams department store, work on 32 new dwellings worth £400,000 in the Victoria Street area, is under way for the Ipswich Borough Council.

Work on a new branch office for the Britannia Building Society in Dales Road, Ipswich, will start shortly.

Big project in Liverpool

WIMPEY CONSTRUCTION UK has been awarded by the Property Services Agency the £35m management contract for the Liverpool Exchange redevelopment and office construction project on a seven-acre site, in central Liverpool, a development which will eventually house 3,000 Government staff.

First major management contract to be awarded by the PSA it is due to the need to effect a *close inter-relationship between* the early pre-construction work, hotel conversion and the new building complex.

Aim is to convert the Exchange Hotel to offices, while developing the adjacent railway station site for new offices—*an integrated development* aimed at maintaining the characteristic features of the *old hotel, improving its fabric* and at the same time converting the interior to offices which are linked to a complex of 17 new office blocks surrounded by courtyards—the whole contained visually, spatially and environmentally within an imaginative overall plan.

Wessex Regional Health Authority has awarded a contract valued at approximately £6.5m for a new extension to Southampton General Hospital.

West Ward Block will be of 18,300 square metres and accommodate 520 beds. Construction is in reinforced *concrete frame on strip foundations* with cladding mainly in brick with contrasting panels, plus an asphalt covered roof.

The Greater Peterborough Regional Co-op Society has awarded Wimpey the contract for the completion of the Co-op retail stores and offices in Park Road, Westgate, Peterborough, at a value of approximately £2.1m.

B-Cal's £7m offices

BRITISH Caledonian Airways has awarded Sir Robert McAlpine and Sons a contract worth more than £7m to build an office block at Crawley, Sussex.

On a 5.85 acre site the building will consist of a ground floor and seven upper storeys with an approximate floor area of 160,000 square feet. External cladding will be silver anodised flush curtain walling with solar *reflective glazing.*

Work will start in June 1979 and is programmed for completion in December 1980. Architects are Lister Drew and Associates and consulting engineers, Sir Frederick Snow and Partners.

Roadworks on hand in Malaysia

JKR, the Malaysian government's public works department, has awarded Taylor Woodrow International a £2.8m contract for the resurfacing of 125 miles of Federal Route 1 in the state of Johore.

The road, which links Kuala Lumpur and Singapore, will be surfaced with *asphalt to* Marshall specification.

Work, which has now started, is being carried out by indigenous operatives under the supervision of *a small expatriate* team and the contract is scheduled for completion at the end of 1981. *The consulting engineer* is the Director of roads of the Malaysian Public Works Department.

Taylor Woodrow and its partners are already working as project managers for two substantial housing development *ments at Johore which have a* combined value of £38m.

Dredger does the splits

THE FIRST large twin-screw split hopper trailing dredger to be built by IHC at its yard at Kinderdijk in Holland has been launched. It has been built jointly for Sidersarda S.n.A. (Italy) and *Societe Nationale de Travaux de Dragages* (France).

Called the Pantagruele, the vessel is 77.5 metres long, has a 15-metre beam and a hopper capacity of 2,000 cubic metres.

With vessels of this type the spoil is discharged, not by opening doors, valves, etc., in the hopper bottom but by allowing the two halves of the hull—which is divided over its entire length—to swing apart. *Principal advantages are that the hopper can be emptied in very shallow water and that heavy, sticky* material such as clay can be evacuated much more cleanly and rapidly than by conventional means.

The Pantagruele has a starboard-mounted suction pipe of sufficient length to permit dredging at a depth of 20 metres.

Rubber plant control

A £1.3m contract to build the new control house for the Fawley chlorobutyl and butyl rubber manufacturing plant of Esso Chemical, has been awarded to John Mowlem and Company.

The new control house will be a single-storey structure and contain, besides the control room housing electronic control equipment, a laboratory, computer suite, offices and mess rooms for the staff. The building, which will be blast-resistant, will have a gross area of about 15,560 square feet and be fully air-conditioned.

Construction will be of structural steel frame on reinforced concrete ring beam foundations, with precast concrete cladding and in situ reinforced concrete roof.

Many tasks for Holst

ERF has awarded to Norwest Holst Northern a £1,245,000 contract to build its new research and development centre at Middlewich, Cheshire. *The contract includes the* erection of a single-storey office and canteen block, a workshop building—all on vacant land and complete with access road—fencing, minor external buildings and general site works. Construction of an extension to the site of the stores section of the eixsting service centre building is also foreseen.

Architects are Mason Richards Partnership.

Standard Life Assurance Company has let a £1,200,000 contract for the construction of four warehouse units with offices, hardstanding areas, drainage, landscaping, service road and sewer. The buildings, with a net total floor area of 9,951 square metres will be completely finished. The site is to the north of the A650 Bradford-Wakefield road close to the junction with the A62 Leeds-Huddersfield road, near Gildersome.

For British Rail (Eastern Region) a £64,000 contract covers construction of reinforced concreate foundations for a steel framed building to be used for maintenance of rail-mounted cranes at the Low Fell Permanent Way Depot, near Gateshead.

A £348,000 contract by the Property Services Agency, North East Region, acting as *agent for the Post Office*, calls for the construction of a new telephone exchange in Bentinck Road, Newcastle-upon-Tyne. The building will have 3 storeys, with a reinforced concrete and a steel frame and Newnham Properties has let a contract work worth £120,000 for reinforcing a concrete car park sub-structure in Linthorpe Road, Middlesbrough.

Mersey Docks and Harbour Company has awarded a £107,000 contract for tarmacadam, paving and drainage, etc., on Phase 2 of the construction of the new Berth S.8 Royal Seaforth Dock, Liverpool.

Meanwhile, Nott Brodie of Bristol, new Norwest Holst company, has won contracts totalling £1,761,486.

Cwmbran Development Corporation is spending £760,000 on shops and offices in The Strand, Cwmbran. Also in Cwmbran, the Borough of Torfaen has awarded a £336,086 contract for 12 flats and 13 maisonettes.

A £609,000 contract from the Wessex Water Authority calls for extensions to the Penmill Sewerage Treatment Works at Yeovil.

Housing and factories by McAlpine

WORK WORTH just over £2m has been won by Sir Alfred McAlpine and Son (Northern) of Hooton, South Wirral, Cheshire.

For the Central Lancashire Development Corporation, McAlpine is to undertake a housing contract, worth in the region of £1.4m at Sherwood Site A, Preston. Work includes the erection of 119 single person units, assembled in two and three storey blocks.

At Deeside Industrial Park, Shotton, a factory is to be built for the Welsh Development Agency under a contract worth around £280,000. The building will be about 90m x 21m on plan, 4.50m high to eaves and 7.00m high to ridge.

Associated Dairies Group of Leeds, has awarded a contract valued in the region of £500,000.

The work, to be carried out at an ASDA store in Wigan, involves erection and completion of a single-storey extension to form new sales area warehouse and preparation areas, including demolition and alterations to the rear of the existing store.

Big industrial estate

ALL BUILDING and civil engineering works for an industrial estate at Cheadle Heath, Stockport, Cheshire, for Estates Property Investment Company are to be carried out under a £2½m contract awarded to Simonbuild.

Simonbuild says it is to be responsible for the overall architectural design concept, detailed structural design and construction of the buildings, roads, services, car parks and landscaping on the 12-acre site.

Sixteen buildings, ranging in size from 5,000 to 85,000 sq ft including office accommodation, are to be built over a period of 18 months. The 85,000 sq ft unit will be let as a warehouse under the terms of a lease already agreed. The remaining buildings will be available for light industrial companies, the offices being designed to tenants' specifications.

Awards to Jarvis

A MULTI-STOREY car park above a ground floor department *store in Woking, Surrey is the* larger of two contracts worth £2.7m awarded to Jarvis.

In the town centre, the Woking Borough Council has planned a six-storey car park to accommodate 872 cars with a department store for the Royal Arsenal Co-operative Society at ground level. The consulting engineer is L. G. Mouchel and Partners.

The second contract is for an extension to an assembly plant of MK Electric in Basildon, Essex. Fuller Hall and Fousham *are the architects.*

Making good at the RAF

RESTORATION of the former RAF Fighter Command headquarters at the Old Priory, Bentley Priory, Stanmore, Middx, is to be carried out by Cubitts General Contracts under a £1m contract awarded by the Property Services Agency.

The building will be used as an RAF officers' mess and will include some bedroom accommodation. Much of the work will involve replacement of beams and large sections of flooring. The restoration of interior decoration will call for intricate plasterwork.

Repaving an airport

PROPERTY *Services Agency* of the Department of the Environment has awarded a £3.3m contract to Balfour Beatty, a member of BICC, for pavement maintenance at RAF Leuchars, Fife.

The contract calls for the provision and laying of some 40,410 cubic metres of pavement quality concrete, 22,700 cubic metres of dry lean concrete and some 63,000 tonnes of bitumen base, weaving and friction courses.

£2½m civic hall and theatre

DARTFORD Borough Council has appointed Bovis Construction as managing contractor for a new multi-purpose civic hall at Suffolk Road, Dartford, Kent.

Valued at about £2.5m, the construction plan is due to start in August this year. Architect is Structural/Services Consultants, and quantity surveyor for the scheme is Building Design Partnership, London W1.

Designed primarily as a 900-seat theatre with a traditional stage area, fly tower and dressing rooms and green room, the building will also provide a venue for orchestral concerts, dances, civic functions, banquets and sporting events.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● RESEARCH

From the laboratory to the market place

SET UP BY a university a small company has successfully bridged the difficult gap between the laboratory and successful conversion to industrial production that so often frustrates research terms. It is now exporting one of its products to the U.S. as well as developing a rapidly expanding British market.

City University, London, was faced with the gap problem following the development by its Wolfson Unit of a novel oxygen sensor designed initially for personnel safety monitoring. Increasing awareness of the importance of safety, spurred on by the Health and Safety at Work Act (1975), had produced a pressing demand for gas sensors. The sensors had to be small, robust, reliable, stable and inexpensive, in order to meet the special requirements for widespread use in the working environment, often under difficult conditions such as in sewers or coal mines.

The university's solution was to promote its own company, City Technology, and give the original team the job of tackling manufacturing development.

The sensor is an electrochemical device, having much in common with batteries, and the team, which had industrial experience of battery production technology, was able to apply this to good effect. The finished product, in fact, looks very like a small torch battery.

City Technology concentrates its efforts on the development and manufacture of sensors at the university and, where necessary, associated circuit design. It then links up with suitable instrument companies, who undertake the design, production and marketing of the industrial instruments exploiting City Technology sensors.

The sensor is used in a Neotronics instrument and work is well advanced on the development of an instrument for use in coal mines being undertaken by J. and S. Sieger in conjunction with the Mining Research and Development Establishment of the National Coal Board.

But many other applications are emerging, such as in flue gas analysis, to enable boilers to be adjusted for maximum fuel efficiency. Export business is building up to the U.S., where the sensors are used in instruments manufactured by Lynn Products. Other applications coming along include the monitoring of inerting gas in oil tankers, engine exhausts, metal treatment atmospheres, and anaesthetic mixtures in operating theatres.

The company is also adapting the basic technology to the monitoring of other gases and has under development a carbon monoxide sensor (in co-operation with the National Coal Board) for safety and fire detection, and a carbon dioxide sensor for safety and flue gas analysis.

Further details from A. D. S. Tantram of City Technology on 01-253 3799 at Northampton Square, London EC1V 0HB.

● PROCESSING

Air jets mix powders

CONTINUOUS OR batch blending of fine, cohesive powders can be carried out with a sequential jet mixer which has no internal moving parts yet is said to provide faster mixing and better dispersion with less energy consumption than conventional rotary mixers, claims SAP, Chalford Industrial Estate, Stroud, Glos. (045-388 4144).

It comprises a cylindrical vessel with a conical base incorporating a number of multiple-jet air nozzles.

Jets of low pressure air are fed through the nozzles in a predetermined sequence causing a "boiling" action in the powder held in the vessel. All the powder is kept in constant motion so that it quickly becomes thoroughly mixed.

All fine aeratable powders may be handled, including pigments and colourings, powdered chalk, clay, carbon black and similar substances.

The company is manufacturing the mixer under licence from the NRDC, original development work having been carried out by Warren Springs Laboratory.

● HANDLING AND STORAGE

More racking in the warehouse

BECAUSE IT is only necessary to have a single gangway in a storeroom or warehouse, a powered mobile racking system offers a great increase in storage density, claims Mobilrax, Unit 1130, 41 Norwood Road, London SE24 9AJ (01-674 0131).

The system basically consists of powered base units constructed of rigid lattice beams connected to precision engineered axle bogies, and a central control panel.

Bases run on tracks set flush into the floor and are powered by two or more electric, full reduction geared motors linked directly to flanged and plain wheels.

Maximum load per wheel is 12.5 tonnes and, depending on the type of racking used and the number of bays employed, the maximum load per base can be in excess of 175 tonnes.

The control panel incorporates a time-saving random selection device which, at the push of a button, moves the appropriate bases to reveal the required aisle — with other systems, says the company, the bases have to move through a complete opening and shutting cycle before the required aisle can be selected.

Safety features include emergency stop buttons on all bases in addition to the general stop button on the control panel; fail-safe safety skirts fitted in sections on either side of the bases trigger limit switches and bring the moving bases to a halt when obstructed.

Units are designed to accommodate all types of racking and shelving systems and so give freedom of choice of equipment most suitable for a particular application, says the company.

Easily assembled coldrooms

WITH THIRD World nations, and the Middle East in mind, Sadia Airofreeze, Rosebery Street, Loughborough, Leicester (050 93 30731) has designed a range of coldrooms which can be erected by unskilled labour with the minimum of supervision.

Meeting the requirements of butchers, abattoirs, supermarkets and frozen food manufacturers, the design criteria are said to take into account the regulations and requirements for the storage of refrigerated and frozen food throughout the world.

There are facilities within the K2 range, says the company, for multi-temperature applications, where meat, vegetables and dairy produce are stored adjacent to one another.

The modular construction enables coldrooms to be erected in five different heights from 7 ft up to 12 ft at 1 ft intervals. Cold stores can be constructed up to 24 ft high and almost any length and width can be accommodated.

Standard panel widths approximate to slightly less than 1, 2, 3 and 4 ft respectively and the insulation is rigid polyurethane foam. The finished product, says the company, is fire-retardant and self-extinguishing.

The range has been designed not only for quick and easy assembly often under unhelpful conditions, and where trained erectors may not be available, but also to allow for the plant to be dismantled, enlarged and erected elsewhere.

Industrial weighing

IN THE latest industrial weigh scales offered by Salter Industrial Measurement, George Street, West Bromwich, West Midlands B70 6AD (021-553 1855) a single load cell is activated by a lever system in which there are no wearing parts.

Bearings are replaced by stainless steel flexible elements giving a rugged and accurate system in which the cell is protected from damage by shock loading.

The platform, which can be up to 3 x 3 metres and can accept up to 15,000 kg, has a deflection of only 0.013 mm and the accuracy is described as being "up to 0.02 per cent." An associated digital display unit can be located to suit the user and is equipped with an automatic push-button tare facility.

Salter has also announced the availability of a new counting and weighing unit, the Electroscale 905. This has its own small platform for capacities up to 20 kg, or it can be used with the weigher to give a weigh-count facility with a grass capacity of 10,000 kg. Up to a million parts can be counted at the touch of a button, to better than 1 per cent.

Conveyors driven by rope

NO BELTS or chains—often causing the clanking and clamour in factories using many conveyors—are involved in a conveyor system called Polly-Braid from Alvey Conveyor of Sunbury (76-86176).

Looking like conventional systems with steel rollers and side fences, the conveyors are driven by braided rope running on pulleys, negotiating bends and curves, and returning underneath to complete a loop.

Vital feature, says the company, is that far fewer motor drives are required for the whole system, which cuts both original and maintenance costs yet renders the system simpler and more reliable.

Use of this single drive eliminates complicated separate driven sections at corners and bends, hitherto a normal feature of conveyor systems.

Multi-role excavator launched

LATEST OF the multi-purpose telescopic boom excavators to be built in the U.S. by Warner and Swasey is to be marketed in the UK by Blackwood Hodge of 25 Berkeley Square, London W1A 4AX.

It will be known as the G880 S.I. Gradall and offered for industrial applications, particularly in the steel and mining industries. Attachments available include scaling and ripping hooks, excavating buckets and air or hydraulically operated hammers.

The machine is able to swing its telescopic boom through 360 degrees and the boom can be extended to nearly 42 feet to reach into areas that are not easy of access.

In the steel industry the machine can be used in blast furnace maintenance, for removing ladle linings, handling slag and so on. In mining work, the excavator is said to be particularly suitable for removing loose rock from roofs and walls.

● PACKAGING

Stays tight if toppled

DESPITE THE current price increases in basic polymers, a plastic shipping container has a cost advantage over standard steel containers, says Thurgar Bolle, Telford Way, Kettering, Northants NN16 8UY. (0536 4422).

Particular advantage, however, is that the V-20 has been constructed with a reinforcing ring round the shoulder so that, should the container be toppled, the lid is still kept clear of the ground. Additional security is promised by the fitting of the lid with a neoprene gasket.

Cylindrical container has a 20 litre capacity and is designed, says the company, for the safe transportation of most chemicals, oils, powders, foodstuffs and water-based paints.

● SECURITY

Small chips from film

FOR THE destruction of microfilm, microfiche, jackets, X-ray film, and other similar materials, is a shredder called Micro 7 available from Portable Factory Equipment, Summit Works, Smith Street, Hockley, Birmingham B19 3EW (021-554 7241).

The unit is designed for high volume throughput and can shred material to small chips measuring only 0.7 mm by 9.5 mm, says the company.

Also announced is the Fordigraph X9 shredder from Ofrex, Ofrex House, Stephen Street, London W1 (01-636 3686) which has a cross cut action which, in seconds, is said to reduce a sheet of paper to many thousands of minute and illegible fragments.

Shredded documents, including technical data or telex messages, are ejected from the quietly operating machine into an integral metal container which is easily removed for emptying.

● SAFETY

Better gas detector

A GERMAN company, Bieler & Lang GmbH, Oberkirchstrasse 21, D-7590 Achern/Baden, reports the development of flammable gas detection equipment which uses a mixed sintered oxide semiconductor sensitive element.

No further details of the chemistry of the element itself are released, but it appears to have two advantages: it needs to be heated only to 240 deg C (double this figure is more normal) and it is also resistant to the build-up of atmospheric incrustation.

A heating coil raises the temperature to the correct figure and if the air moving past it contains flammable gas the electrical conductivity of the semiconductor material increases.

Two alarm thresholds are provided, pre-set by potentiometers in the electronics unit, and there are also open- and short-circuit alarms in case of damage to cables connecting sensor to electronics.

● COMMUNICATION

Many data paths provided

FORD MOTOR Company is to have a Ferranti Videodata coaxial cabling system to carry the in-plant data communications traffic at the company's engine plant at Bridgend, South Wales.

The new plant will be equipped with a number of computerised control and monitoring systems: these include machine tool monitoring, maintenance control, quality reporting, assembly broadcast and hot engine test.

These require data communication paths between each computer and some 150 associated terminals which may be printers, visual display units, or reprogrammable controllers distributed over large areas of the plant.

The data communication paths are provided by a single coaxial cable network which uses VHF transmission techniques. The data transmission is full duplex, using the lower half of the cable bandwidth to transmit in one direction and the upper half of the bandwidth to transmit in the other, each band being being divided into many data channels.

Two types of data transmission system are mixed on the Ford network. One is a simple frequency division multiplexed system which enables a small computer to communicate with a few printers. The other is the Ferranti Autopoll system: three of these are being used in the network.

Autopoll is a time division multiplexing system which uses a single pair of VHF channels on the cable to communicate with up to 250 terminals on one data channel at data rates of up to 48 kbytes/second. Full operation will be by the end of the year.

Ferranti Computer Systems, Wythenshawe Division, Simonsway, Wythenshawe, Manchester, M22 5LA. 061-437 5391.

● TEXTILES

Fast dyeing of fabrics

A NEW jet dyeing system for both woven and knitted fabrics has recently been developed in Britain by Platt Longclose (Dewsbury Road, Leeds LS11 5LH. Tel. 0532 709831).

The Uniflow can be built with up to four inclined pressure vessels which are linked to give bigger batch processing. The chambers are made from molybdenum stainless steel and can dye at temperatures up to 140 degrees C.

When dyeing, the fabrics are in rope form, but they are subjected to only the lightest of tension.

As with all recent dyeing machinery developments over recent years the main emphasis of equipment is to accelerate dyeing as much as possible and conserve the energy required for heating, cooling and powering the machines, while water consumption needs also to be minimised. All these requirements are accompanied in the new Uniflow machine which, while using only a minimum quantity of water has a very high liquor interchange towards the front of the vessel, which ensures that the goods revolving within the chambers are constantly moving in the right direction and being opened and rearranged, so preventing crease formation.

Goods-to-liquor ratio is held to a minimum and can be as low as 1 : 5 which not only reduces the amount of water being consumed, but also makes effluent disposal that much less. This also reflects in more economic dye cycles.

Although low liquor ratios normally give superior dyestuff exhaustion and cleaner dyeings it is possible, in certain conditions, to rinse by overflow and this is a facility built into the machine and which is available simply at the touch of a switch on the control panel. The Uniflow is a machine built for short cycle dyeings and lends itself ideally to sampling systems which can be operated safely and effectively at any temperature—to the maximum—even while the machine is under pressure.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Nicholas Leslie on the three entrepreneurs in the semi-final of 'Company of the Year' competition

Research, de-greasing and turkeys

ON THE face of it medical research, de-greasing and turkeys would seem to have nothing in common. They do, however, have a connection in that they constitute the activities of the three UK finalists of the European "Company of the Year" competition which is being held concurrently in Britain, France and Germany.

Britain is the first to have reached the semi-final stage in its home heat and the sponsors of the UK end of the competition, Development Capital, have—by good fortune or, perhaps, design—alighted on a combination of activities and personalities ideally suited to represent entrepreneurship in its different forms and to compete against the French and German finalists. The competition does not carry a cash prize but, instead, an offer of up to £100,000 of financing on normal commercial terms.

Perhaps the most unusual of the British finalists is Simbec Research, an independent and privately-owned laboratory which does both contract research and academic research. Based at Merthyr Tydfil, in Wales, it was incorporated as a company in 1975 by Dr. Mansel Aylward, his wife and Dr. Jeffrey Maddock. They had been carrying out research on an informal basis since 1971.

In true enterpreneurial style Dr. Aylward started his laboratory by mortgaging his house, and arranging a bank overdraft. His laboratory is still in buildings erected in his back garden, though he is hoping to move to much larger premises to accommodate the increasing amount of work he expects to be handling. With a current staff of about 20 he has a turnover of over £200,000, more than 80 per cent of which is represented by overseas contracts.

Another finalist has the eye-catching name of Greaseaters. Based at Colchester, in Essex, this company was started only eights months ago by Christopher Salter. What he spotted was a gap in the market for machines that cleaned grease off machinery and tools. He says there was only one company with a product comparable to the one he now sells and that was American and only leased machines. He decided to set up his own company to manufacture a cleaning machine which he sells outright to engineering companies, garages and similar concerns.

The advantage of his product, however, is that it requires a cleaning agent in specially designed drums which need replacing every six weeks or so. He, therefore, has a continuing business with each machine he sells.

The third finalist is Hockenhull and Hayes. This again is a very young company started only ten months ago by Mr. P. Hockenhull and Mr. G. Glaessents. Theirs is essentially an example of highly successful marketing (as, indeed, is Greaseaters). For what they saw was a need for marketing turkeys, particularly to the catering trade.

Their main product is Gourmet Turkey Breast which is packaged in a turkey shape but comprises nothing but turkey breast—thus avoiding any wasted bones. Other parts, like wings and legs are also marketed separately. The two men currently import their product from Norwatern Turkey Products Inc., of the U.S. Hockenhull and Hayes market to both the UK and overseas catering trades.

When the competition got under way last year one of the things that seemed likely to emerge was an insight into the different qualities, if any, of embryonic and small companies in each country and any characteristics which could be described as particularly nationalistic. So far, though, there has been a surprising similarity in that the number of entrants has been not dissimilar and the numbers which each sponsor has said it is prepared to make cash offers to is roughly the same.

In addition to Development Capital, the sponsors are Sofinnova, S.A., in France, and Deutsche Wagnisfinanzierungs-Gesellschaft, in Germany. The competition is being featured regularly on BBC 2's Money Programme (the UK final will be televised on May 21 and in France by Antenne 2 television.

While assessments to date have been done by each sponsor, finalists in each country will be scrutinised by an independent panel of judges and it may be at this point that differences in approach to choosing national winners will emerge. For while there are just three judges in the UK, there are seven in France and eight in Germany

The British judges are Sir Jeremy Morse, chairman of Lloyds Bank, Mr. Tom Lyon, immediate past chairman of the CBI's Smaller Firms Council, and Mr. Hugh Armstrong, managing director of Development Capital.

The French panel includes M. Laurent Boix Vives, head of Skis Rossignol, which claims to have around 20 per cent of the world market for skis and which has been at the forefront of changing technologies in this market. M. Boix Vives has built the company up from very small beginnings in the past 26 years. Other French judges include M. Yvon Gattaz, head of Radiall, an electronic components company, and Mme. Anette Roux, who has considerably expanded Chantiers Beneteau, a company making small sailing boats founded by her father. M. Christian Marbach, head of Sofinnova, is on the panel.

Among those on the German panel are Heinz Nixdorf, who founded the large computer company bearing his name, Dr. H. Zapp, a member of the executive board of the Deutsche Bank, Dr. Heinz Keller, president of the Frauenhofer Gesellesschaft, a well-known research establishment, and Achim Stoehr, managing director of Deutsche Wagnisfinanzierungs. Herr Volker Hauff, the German Minister for Research and Technology, will be the guest "moderator" in the event of a tie-breaker being required.

EXECUTIVE HEALTH — BY DR. DAVID CARRICK

Office planning—much room for improvement

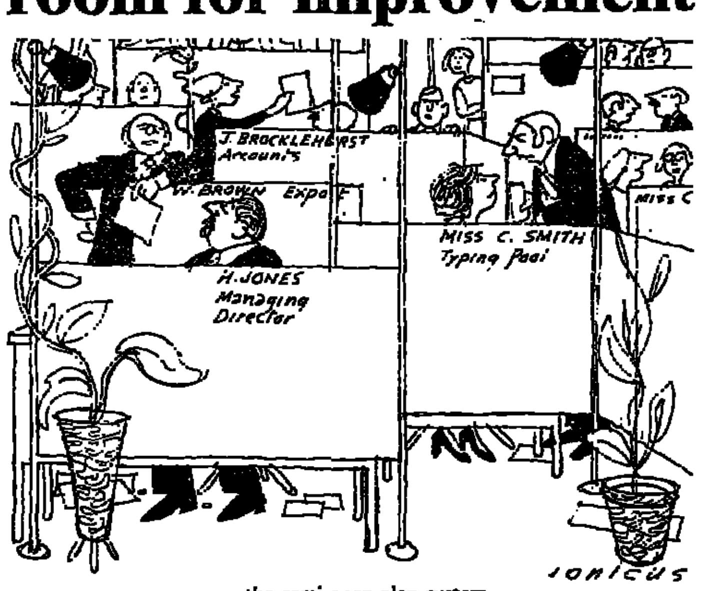
THE wealth of an organisation is dependent upon the health of those who work therein.

I do not mean that every employee, from the highest to the humblest, must be a perfect specimen before profit from his endeavours can be accrued.

But I do postulate that an average collection of employees cannot give of their best, cannot realise hidden potentials, if their accommodation and environment are inexpedient.

Sufficient light, adequate ventilation and satisfactory heating are obvious prerequisites for proper productivity. But the amount of space and the type of accommodation suited to particular individuals and their propensities often receives far too little attention and consideration by those who plan in an impersonal fashion.

Space is a problem that is ever with us. The stoutly constructed, red-brick lunatic asylums of the early Edwardian period have defied alteration for modern-day needs, although huge sums have been wasted by the NHS in forlorn attempts to achieve the impossible. Office-blocks have similar problems. Roofs cannot be raised: major walls can rarely be moved without structural risks: windows may be enlarged but not shifted far.



. . . the semi-open-plan system

In some cases it is possible to remove all internal obstacles and provide an open-plan system. This method has enjoyed a vogue both in relatively new buildings and in very much older ones. The system is perhaps of value under certain circumstances. But where individuals, selected for their enterprise and intelligence, are concerned, the snags are legion.

There is no privacy. Noise, which is the sum of a multitude of varied and variable sounds, tends to be most disturbing to many, particularly in areas where imaginative work is required.

Then there is heating: there can be no generally acceptable temperature level. Another problem involves air circulation. If the person farthest from the window is suffocatingly hot, he is unlikely to maintain friendly relations with the senior man who, having selected the desk with most daylight, has no intention of sitting by a window which is open to blasts raised in the wastes of Siberia.

Between this system of open-plan and of poky offices comes a compromise which, in psychiatric terms, can only be regarded as obsessional. This is the semi-open-plan system, in which wide areas are half-broken by glass or hardboard partitions. As illustrations of minds incapable of firm decisions, such plans are illuminating; as productive areas, they lack the value obtained either by full publicity or complete privacy.

Naturally, the fiercest argument against sane planning is financial. To have separate offices is expensive. But, in many cases, to fail to do so is more expensive. Take four people, each of whom is supposed to be a creative thinker, cram them into a small room, and then add two noisy typists. Little good will come of this. No gardener would sow seeds so densely and expect a crop other than tares. Multiply the numbers many times and use open plan: again, the harvest is unlikely to be worth the reaping.

Until such time comes when office-complexes are easily, purposefully and adequately mutable—like some portable hospitals—the next best solution is offices where the accommodation is partly individual and partly open-plan and to appoint a sane and unbiased individual to allocate and decide which form of space is most suitable for the needs and peculiarities of these individuals. Only then can the greatest benefit be reaped from expensive stock.

EMPLOYEE BENEFITS

Cleaning tokens to suit the job

BY ERIC SHORT

THE obligation to look smart and well groomed is a necessary prerequisite of many jobs. Often the employee wears a company uniform — the postman, the London Transport inspector, the airline pilot, or it could be protective clothing, such as an oil tanker driver's overalls. But in other cases a suit or dress can be as much a necessary uniform as overalls or a braided jacket.

Some jobs are by their nature dirty—the surveyor on a building site for example. Just working in the centre of London or a major city makes any sort of clothes dirty very quickly. So if employees are to look reasonably smart, they need to have their clothes cleaned regularly.

If such cleanliness is a condition of employment, then there is a strong argument for the company to meet reasonable cleaning expenses. For one thing, regular cleaning will anyway extend the useful life of uniforms and protective clothing.

Many companies have for several years followed a practice of paying for certain dry cleaning expenses incurred by their staff in their work. But leaving it to the individual to get clothing cleaned, and then claim the bill as expenses, was foun dto be a time-consuming administrative chore. Having clothing cleaned in bulk with one cleaning firm was too rigid, since many employees wear their uniforms to and from work.

Sketchley, the dry cleaners, realised that what was needed was a flexible and easily administered system which enabled the employee to have his clothing cleaned at a convenient time, at cleaners near to him, without making any actual monetary payment.

About eight years ago, two senior executives with Sketchley, Tim Knight and James Waddington, left the company, with its blessing, to run a separate operation. Called Cleaning Tokens Limited, and based at Hitchin, its main shareholders are three leading cleaners, Sketchley, Johnson Group Cleaners and Spring Grove Services. Each owns 17 per cent of the equity; the remainder is held privately.

The system operates extremely simply. The employer buys cleaning tokens from the company and gives them to those employees entitled to use them. The employee pays by handing over the token. The cleaner sends off the tokens to Cleaning Tokens Limited and is reimbursed by return of post. The tokens are valid indefinitely, so are proof against inflation.

The scheme has been readily accepted by the vast majority of cleaners—over 90 per cent according to Cleaning Tokens. So employees should have little difficulty in finding a local cleaners which will accept tokens. Each token has printed on it the conditions under which it is valid, such as the cleaning of one uniform jacket and one pair of trousers.

In the words of Tim Knight, the scheme for uniforms and protective clothing has "gone like a bomb." It is used by many leading companies and authorities, which have their own logo printed on the tokens and theier own validity conditions.

About a year ago, Cleaning Tokens was approached by several of its clients inquiring about a similar service for those of their employees who do not wear uniforms to cover the cleaning of suits, dresses and other items of ordinary clothing. *It came up with a scheme* for providing tokens covering business suits and other business wear.

The principle is the same as for uniforms. The employer buys the tokens in bulk and distributes them to employees, the tokens being valid at any time. The Business Suit Service is available for cleaning a two or three-piece suit, while the Business Wear Service covers either a jacket, a pair of trousers, a skirt or a plain simple dress.

The employer at present pays £1.55 plus VAT for a business suit token and 80p plus VAT for a business wear token. This covers the cost of cleaning at any time.

The employer can set off the cost of buying these tokens as a justifiable business expense, especially with uniforms and are sound commercial reasons protective clothing, since there for imposing on staff the need for high standards of personal appearance. The ultimate decision of course rests with the local inspector of taxes.

The situation as far as employees are concerned can be somewhat confusing. Benefits in kind, in general, are not taxable if they are related to expenses which are wholly necessary and exclusively in connection with one's employment. This presents no problem for uniforms and protective clothing, even if the employee wears his overalls while cleaning his own car. With suits it is a different matter since they are not wholly and exclusively necessary.

Cleaning Tokens Limited — BP — UNIFORM — B 222594

The employer should show the issue of these tokens as a benefit in kind but it is up to the employee to point out that they are being used in connection with his job. Having a suit cleaned twice a year might be accepted as a justified expense, although some employers may issue more than the revenue might consider justified.

This is just another example of how the provision of employee benefits is proliferating. How long will it be before the idea of hairdressing tokens—for men as well as women—is demanded?

Cleaning Tokens, 30, Bancroft, Hitchin, Herts SG5 1LE (Hitchin (0462) 54658.

Business courses

Word Processing 1979 Workshops, London May 16-25 and Birmingham June 13-20. Fee: £66 plus VAT per workshop. Details from Management Studies Centre, 51A George Street, Richmond, Surrey TW9 1HL.

A Practical Approach to Data Processing for Non-Data Processing Executives, London, May 30-June 1. Details from AMR International, 6-10 Frederick Close, Stanhope Place, London W2 2HD.

Purchasing in the Public Services, London, June 11-12. Fee: £100 plus VAT. Details from Purchasing Economics, Pel House, 35 Station Square, Petts Wood, Kent BR5 1LZ.

Risk Management in Practice, London, June 10-15. Fee: £525 plus £42 VAT. Details from Course Co-ordinator, Risk Research Group, Bridge House, 181 Queen Victoria Street, London EC4V 4DD.

Corporate Planning in Practice, Bradford, June 11-15. Fee: £225. Details from Corporate Strategy Programmes, University of Bradford Management Centre, Heaton Mount, Keighley Road, Bradford, West Yorkshire, BD9 4JU.

Pay-Productivity Bargaining, Slough, June 12-13. Details from Executive Secretary, Courses and Seminars, Management in Action, 121 St. James's Drive, London SW17 7RP.

Management Team Building, London, June 11-12. Details from Eurotech Management Development Service, PO Box 28, Camberley, Surrey GU16 5HR.

The Fundamentals of Finance for Non-Financial Managers, Brussels, June 11-15. Details from Management Centre Europe, avenue des Arts 4, B-1040 Brussels, Belgium.

هكذا من الأصل

Can we afford to throw away a third of our defence budget every year?

The British defence budget was £6,000 million last year.

Another £2,000 million would double the size of the Army, or treble the number of nuclear submarines.

Or, if you think the defence budget is big enough already, it would buy 150 new hospitals.

However you look at it, £2,000 million is a sum which Britain can ill afford to waste.

Yet that is what British industry wastes every year through inefficient storage and materials handling.

The solution, however, is close at hand.

For here in Britain there is a company which makes and sells more storage equipment than any other in the world.

Our name is Dexion, and we can show you how to turn an inefficient storage and materials handling system into an efficient one.

In one case, we tripled a company's storage capacity without increasing their storage area. The investment paid for itself in less than two years.

In another, we reduced the cost of building a new warehouse by more than £100,000.

And in every case, we gave the same promise as we now give you: we will recommend our own equipment only if it provides the best solution.

First, though, you can read 100 of our detailed case histories in our "Book of 100 Answers."

Nobody can be sure that the money you'll save will be used directly to strengthen Britain's defences.

But it will certainly strengthen the economy.

DEXION®

We'll help you make money out of thin air.

DEXION LIMITED, MAYLANDS AVENUE, HEMEL HEMPSTEAD, HERTFORDSHIRE. TELEPHONE HEMEL HEMPSTEAD (0442) 42261. TELEX 825794.

LOMBARD

Target exchange rate problems

BY SAMUEL BRITTAN

IT HAS long been known that central banks cannot operate both a money supply and an exchange rate policy and eventually have to choose between the two.

Thus, if they adopt an exchange rate target they must put their monetary targets on the shelf; and if they adopt a money supply target, they lose control over the exchange rate. Hence the Bank of England's recent agonies over intervention in the sterling market.

These considerations have not prevented the British authorities from having targets for both variables; but in the end they have been forced to abandon one or the other. In 1977 the exchange rate had precedence for most of the year and was not abandoned until after a miniature monetary explosion. This winter and spring the monetary targets have come first; and the result has been a rise in sterling well outside the target range.

Suggestions are, however, being made that the authorities should shift the emphasis to exchange rate targets instead. These come from several different directions. The European Monetary System, if it is to have any effect at all, must mean fewer and smaller exchange rate changes. City analysts who dislike the gilt-edged and interest-rate fluctuations of the last few months have also suggested switching to an exchange rate related financial policy. One such suggestion was made, for instance, in a Phillips and Drew Gilt-Edged Research circular in March, which cited the switch of the Swiss Government away from monetary targets following last year's breath-taking appreciation of the Swiss franc.

An exchange rate objective does not, it should be emphasised, mean abandoning monetary policy. If the exchange rate is to hold, monetary policy must be tightened or eased to ensure that the supply and demand for foreign exchange balance at the chosen level. Any other course would simply lead to the authorities being blown off course and forced into unintended devaluation and revaluation, as in the closing years of the Bretton Woods system.

This said, during most of modern history an exchange rate standard has prevailed. Before World War I, the world was on a sterling standard. After World War II, exchange rates were pegged to the dollar. An exchange rate objective is much more clear-cut than a monetary one. It avoids tortuous arguments over the exact definition of the money supply, or the period of time over which the targets have to be met, let alone the choice of targets themselves.

But there are two very large problems to be overcome before exchange rate targets could possibly make sense. First there is the old "nth country" problem encountered when President Nixon tried to devalue the U.S. dollar. If there are two currencies in the world, there can be only one exchange rate; and there must always be one more currency than exchange rate. Thus for fixed exchange rates to work, one currency must be passive and allow the others to be fixed against it—except in a gold standard world where all the currencies are tied to gold, which acts a super currency.

EUROPE

In the European context, there are obvious attractions in designating Germany as the nth currency against which other curencies would fix their target exchange rates. There could, for instance, be a maximum movement of 5 per cent against the mark in the first year diminishing to 1 per cent at the end of five years. But here we run against another snag.

The country which sets the standard, if it is not tied to gold, must itself have stable price level objectives, and therefore a set of monetary targets, which could be adjusted with experience, but certainly not just abandoned. Some people may think it beyond argument that Germany would give top priority to an anti-inflation objective. But few things are as obvious as they seem; and only last year the German Government was prepared to put price stability at risk to prevent the mark from rising too much against the dollar.

There is no obvious candidate, on a world-wide scale, for an nth country which will always give priority to price level objectives and to which the others can safely link.

Germany is not yet ready to occupy that role; nor are other countries really ready to tie their exchange rate to the mark rather than to a weighted average of each others' currencies. This would leave the inflation rate free to shift (mostly upward) with each random shock to the system. So for the time being we are better off with monetary targets with all their faults, than with exchange rate ones.

Sex discrimination after retirement age

THREE cases before the Court of Appeal last week demonstrate how persistent and pervasive is sex discrimination in the field of employment in Britain. This is largely because Parliament, in the spate of social legislation over the last four years, has consistently treated the retirement of men and women differently from other aspects of employment, and more significantly has applied for retirement purposes an age differential between men and women. Pensionable age for the purposes of national insurance and social security, for example, is 65 for men and 60 for women; entitlement to redundancy payments likewise ceases if before the relevant date a man reaches 65 and a woman 60.

The three cases illustrate how varied are the instances where the legislative discrimination relating to retirement has its impact on incidental aspects of employment.

Case 1: Roberts v Clevel and Area Health Authority

The area health authority, under guidance and advice from the Department of Health and Social Security, dismissed Mrs. Roberts because she had reached the normal retiring age of 60 for women laid down by the authority. A man employed in a similar capacity would have been able to work until 65. That policy had been endorsed by the Department. Was the authority thus indulging in an unlawful discriminatory practice under the Sex Discrimination Act 1975? It was certainly doing just that, but for the fact that section 6(4) of that Act says that the prohibition against unlawful sex discrimination does not apply "to provision in relation to death or retirement."

Case 2: MacGregor Wallcoverings v. Turton

Mrs. Turton was employed by a company which made her redundant at 57. The amount of the redundancy payment which she was entitled to under the company's generous redundancy scheme was the same as that which would be received by a man of the same age and circumstances, with one vital exception.

The redundancy scheme proposed by the employers in negotiation with the trade union included provision for certain *additional payments*, for example, in respect of juvenile service, in respect of adult service and for age. Between the ages of 40 and 49 there was to be an additional four weeks' pay; between 50 and 59, an additional six weeks' pay; and—here came the rub—over the age of 60 an additional 10 weeks' pay. It had escaped the authors of the scheme, however, that a problem arose because women were compulsorily retired at 60, but men not until 65.

Mrs. Turton complained that because she could not work after 60 she would never have been able to qualify for the 10 weeks' additional pay that an employee over the age of 60 and redundant would receive.

Mrs. Turton sought revision of the scheme in order to increase her entitlement to additional payments within the two lower age groups.

Case 3: *Garland v. British Rail Engineering*

Mrs. Garland's case produced a potential sex discrimination that was not based on the differential in retirement ages at all. British Rail allows its male employees free travel facilities with their wives (or, on death their widows) and dependent children. The entitlement to this benefit continues after retirement. A woman employee obtains similar facilities during employment, but after retirement she loses them. Thus the discrimination operated only after retirement. Was this arrangement similarly caught by the escape clause in section 6(4), Sex Discrimination Act 1975?

Which, if any, of the three women succeeded? Everything turned on the words "in relation to death or retirement." Mrs. Roberts complained that the area health authority was not allowed to dismiss her because she had reached the retiring age for women. A man in the same circumstances would have been allowed to stay on.

Mrs. Roberts argued that only matters consequent upon death or retirement (such as pension arrangements and allowances) were covered, and therefore not to be treated as discrimination in employment. Both the Industrial Tribunal and the Employment Appeal Tribunal found that, consistent with the provisions in The Equal Pay Act 1970 and in the Trade Union and Labour Relations Act 1974 (as well as the social security legislation), Parliament proceeded on the footing that it was sound social policy to provide different rules for men and women in relation to the age of retirement.

The reasoning behind this was well put by Mr. Justice Phillips, who until recently was president of the Employment Appeal Tribunal. He said: "It reflects the longstanding course of social legislation going back 37 years to 1940, to the Old Age and Widows Pension Act. For many years employers have made all their arrangements upon this basis. Pension funds are so organised, recruitment is so organised, and everything is organised on that basis.

If Mrs. Roberts's case was concerned directly with the age of retirement, and therefore apparently caught fair and square by the statutory differential in retirement ages for men and women, that could not be said about Mrs. Turton and Mrs. Garland. In Mrs. Turton's case, the two lay members of the Employment Appeal Tribunal (Mrs. D. Ewing and Mr. W. Sirs) thought that it was right to look at her problem from the point of view of employment and not merely that of retirement age; hence she and her fellow women employees were being unlawfully discriminated against because they were not entitled to a redundancy payment which incorporated an element of additional pay to reflect the value of years immediately preceding retirement.

Mr. Justice Phillips adhered to his earlier ruling and felt that it determined the case against Mrs. Turton. He did not think that the employers had introduced a discriminatory element beyond the fact of retirement at 60, by instituting a scheme that unduly favoured those (all men) who were lucky enough to be able to work after the age of 60. Any other conclusion would brand as unlawfully discriminatory some benefits payable to an employee over the age of 60.

Mrs. Garland's case presented the one most likely to escape the clutches of the provision "in relation to retirement." While adhering to the ruling in Mrs. Roberts's case, Mr. Justice Phillips thought that decision was directed only to those arrangements made by the employers to make provisions for retirement. Pensions are the prime example; they are directly and necessarily linked to the fact of retirement as provisions for ensuring financial protection to those ceasing to work. There are, however, other things which follow on retirement but are not an aspect of retirement.

Continued membership of the company social and sports club is an example. If such a privilege were restricted to former male employees, and women were excluded, the latter could claim unlawful sex discrimination. Hence Mrs. Garland's case of a denial of a privilege of free travel facilities to her family after retirement came within that category, and she won before the Employment Appeal Tribunal.

But last week the judgment was overturned in the Court of Appeal. The Court of Appeal found that all three women had been discriminated "in relation to retirement" and so were excluded from the law's protection. But all three (two of them supported by the Equal Opportunities Commission), will plead their feminist cause before the all-male judiciary of the House of Lords.

THE WEEK IN THE COURTS

BY JUSTINIAN

Young Cauthen sees some strange goings-on

RACING

BY DOMINIC WIGAN

A CHAPTER of totally unforeseeable incidents at Salisbury on Saturday gave the record 8,000 crowd plenty to talk about.

For Steve Cauthen, and for a host of reporters and ABC television men from America on hand to see his English debut, the goings-on could hardly have been more perplexing. An arthritic pony almost twice Cauthen's age, a blown amplifier, pouring rain and stuck cars, pedestrians and starting stalls were the main ingredients of an afternoon which the ABC crew, and many other people, will long remember.

The trials and tribulations—given a touch of farce when a 35-year-old pony owned by the groundsman careered down the course, only to be whistled back under the rails—were endurable for the simple reason that Cauthen was at last in action.

Those who expected that a strange environment, the odd conditions and a particularly tricky course would be too much for 18-year-old Cauthen were at once proved wrong.

Adopting tactics totally foreign to those taught to any young rider in America and used on barely a handful of occasions in his successful pursuit of 1,000 winners at home, Cauthen brought Marquee Universal with a beautifully timed late challenge to land the opener, the Grand Food Stakes.

Steve went some way to confirming his uncanny judgment of pace (he can time a furlong to a-fifth of a second) and showed remarkable balance on a lengthy colt racing in sloppy conditions on an undulating and cambered track.

Although some felt that Cauthen rather overdid the same tactics when bringing Ring Lady into second place close home in the 1,000 Guineas Trial, I thought Tudor Maid won on merit.

There was certainly no question about Lake City's superiority in the colts' trial. Making nearly all his own running—in fact trainer Ryan Price and many more were elsewhere, unaware, owing to the blown amplifier, that any running was being done—Lake City surged past the post in a sea of spray and mud three lengths ahead of Tribal Warrior.

Both Lake City and Tudor Maid drew 33-1 quotes for the 2,000 Guineas and 1,000 Guineas respectively.

A postscript to a particularly trying day for Washy Hibbert, clerk of the course—all the lawns will have to be resown. The grass has vanished.

EDINBURGH

2.30—Cree Song
3.00—Simplicity
3.30—Gold Flight*
4.00—Milbil
4.30—Degas**
5.00—Corduroy***

TV/Radio

† Indicates programmes in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.55 The Wombles. 10.00 Jackanory. 10.15 Laff-a-Lympics. 10.35 Country Search. 12.40 pm News. 1.00 Pebble Mill. 1.45 Over the Moon. 3.15 Songs of Praise. 3.53 Regional News for England (except London). 3.55 Play School (as BB2 11.00 am). 4.20 Cheggers Plays Pop. 4.40 Baggy Pants and the Nitwits. 5.00 John Craven's Newsround. 5.05 Blue Peter. 5.35 The Perishers.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.55 Disco in the Snow.
8.10 Panorama: Who Killed Georgi Markov?
9.00 News.
9.30 Boxing live from the Anglo American Sporting Club: John Conteh v Jesse Burnett.
10.20 Tonight and Campaign '79.
11.00 Most Wanted.
11.50 Weather/Regional News.

All Regions as BBC1 except at the following times:

Scotland—5.55-6.20 pm Reporting Scotland. 11.45 News and Weather for Scotland.

Wales—1.45-2.00 pm Pila Pala. 5.55-6.20 Wales Today. 6.55-7.15 Heddiw. 7.15 Join BBC1 (Disco in the Snow). 11.00 Yn Llefaru Eto? 11.50 News and Weather for Wales.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55 Scene Around Six. 6.20-6.55 Hello Sunshine. 11.45 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
4.50 pm Open University.
6.55 A Death Reported.
7.10 Horseback.
7.35 Mid-Evening News
7.45 Grand Prix: The U.S. West from California (highlights).
8.10 The Mathis Collection starring Johnny Mathis.
9.00 Rhoda.
9.25 Horizon.
10.15 Arena.
10.55 The Light of Experience.
11.10 News.
11.25 Closedown, reading.

LONDON

9.30 am Noddy. 9.40 Sinbad Junior Cartoon. 9.45 "Appointment With Venus" starring David Niven. 11.10 Untamed Frontier. 11.35 England Their England. 12.00 Chorlton and the Wheelies. 12.10 pm Pipkins. 12.30 The Cedar Tree. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 About Britain. 2.00 After Noon Plus. 3.20 This Year Next Year. 4.20 Clapperboard. 4.45 Rainbow Moves House. 5.15 Nurse of the Year Thames Regional Final.

5.45 News.
6.00 Thames At 6.
6.35 Crossroads.
7.00 The Kenny Everett Video Show.
7.30 Coronation Street.
8.00 Chalk and Cheese.
8.30 World In Action.
9.00 Best Sellers (part 1).
10.00 News.
10.30 Best Sellers (continued).
11.15 The Eamonn Andrews Show.
12.15 am Crises, introduced by Anna Ford.

All IBA Regions as London except at the following times:

ANGLIA

9.35 am The Bubblies. 9.40 Snooker. 10.20 Tarzan. 11.10 Country Comes West. [illegible]

ATV

[illegible]

BORDER

[illegible]

CHANNEL

[illegible]

GRAMPIAN

[illegible]

GRANADA

[illegible]

HTV

[illegible] Wales. 11.15 Survival Special.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 2.00 Hamdden. 2.25-3.20 After Noon Plus (As HTV General Service). 6.00-6.22 Y Dydd. 8.30-9.00 Yr Wythnos.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.22-7.00 Report West.

SCOTTISH

9.30 am Stationery Ark. 9.55 Highland Capital. [illegible]

SOUTHERN

[illegible]

TYNE TEES

[illegible]

ULSTER

[illegible]

WESTWARD

[illegible]

YORKSHIRE

[illegible]

RADIO 1

[illegible]

RADIO 2

[illegible]

RADIO 3

[illegible]

RADIO 4

[illegible]

BBC Radio London

[illegible]

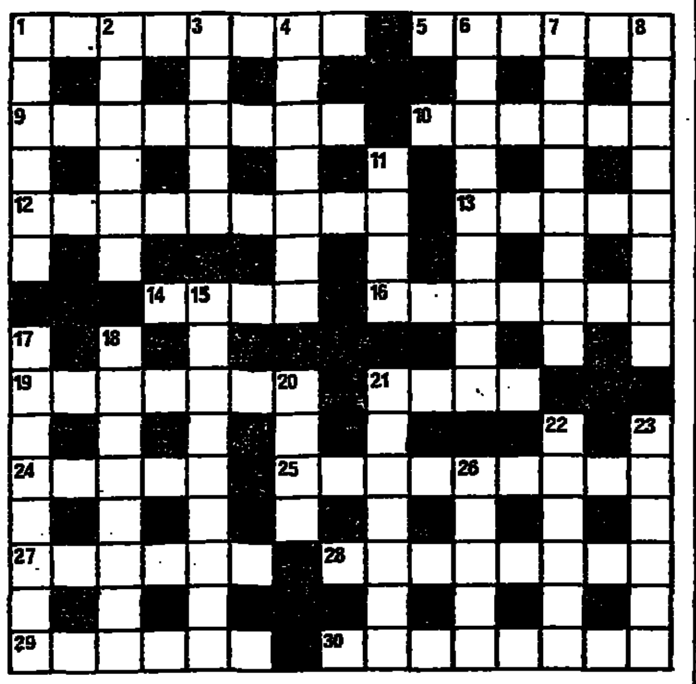
London Broadcasting

[illegible]

Capital Radio

[illegible]

F.T. CROSSWORD PUZZLE No. 3,943



Across

1 Commands for a chap with engagements (8)
5 How we stand it in nude disorder (6)
9 What the deb wants to do for a man of property (8)
10 Insects encountered in a German river (6)
12 The meaning would, we hear, be flotsam (9)
13 Makes fast-days found in November (5)
14 Competent associate of seamen (4)
16 Pasta for simpletons (7)
19 Listens always to gossip (7)
21 "And gentlemen in England now ..." (Henry V) (4)
24 Proper illustration reveals the danger (5)
25 Sometimes a lemon may be the solution (3, 6)
27 Noise in England is the conclusion (6)
28 Dramatist to study on the verge perhaps (8)
29 Watch Bob on the way in (6)
30 Wager on Artist and Layabout? That's a give-away (8)

Down

1 Illness that keeps a youngster inside a month (6)
2 Messenger takes sister to the colonel about one (6)
3 Nearly everyone has a large quantity to distribute (5)
4 Nobleman gets order for extension to sound receiver (3-4)
6 Egotism personified in the Fleet (6, 3)
7 Name that accurately describes Kojak (8)
8 I'd rise to emphasise the misfortune (8)
11 Garden for Oriental to study (4)
15 Does not follow after service in a mean passenger-ship (4-5)
17 Wreaths for fellows holding a permit (8)
18 I ran hard to find the ill-tempered old woman (8)
20 Still one finds something detestable in Tibet (4)
21 The strange name given to one flower (7)
22 Upstairs? Downstairs? The maid is not in either place (6)
23 A severe trial or business transaction (6)
26 "From the Congo or the ..." (Mikado) (5)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. [illegible]

COVENT GARDEN. [illegible]

SADLER'S WELLS THEATRE. [illegible]

THEATRES

ADELPHI THEATRE. [illegible]

ALBERY. [illegible]

ALDWYCH. [illegible]

[illegible]

CINEMAS

[illegible]

ART GALLERIES

[illegible]

CLUBS

[illegible]

THE ARTS

Architecture

Reviving redundant churches

by GILLIAN DARLEY

There is nothing particularly remarkable about the squat medieval church of Orton, near Kettering. It is not of outstanding architectural or historical merit yet, like thousands of others, it is the most important building, the landmark, in a small, rather haphazard village in a gentle agricultural landscape. A few miles away, near Corby, is the village of Little Oakley: more compact, it crowds up around its parish church which, again, is a medieval stone structure: pleasant but not distinctive.

Since the Pastoral Measure of 1968 which defined the position of redundant Church of England places of worship, 740 churches have been declared redundant—many more lie unused, often semi-derelict, awaiting their fate. There are only three course of action applicable to churches declared pastorally redundant: an alternative use, preservation, or demolition, and the time limit is three years. Orton and Little Oakley are cheering examples of the first course: since the end of 1968 272 churches have found new uses, spanning the extremes between community, residential and light industrial use.

In the case of Orton and Little Oakley it was the imagination of one man which provided their continued useful life. Ten years ago Derrick Dunn, General Secretary of the Northamptonshire Rural Community Council, visited Orton church and, spotting its fine Norman stone font, much the most interesting feature in the building, saw the potential of the church as a training centre for masons. Now the Orton Trust has offered more than 1,500 course places in the decade it has been in operation, running weekend short courses in the many specialist aspects of the craft—carving, letter cutting, gilding, setting out—as well as the basic skills for apprentices. The church provides cover and space—very little conversion work was needed.

Little Oakley church had been out of use for five years when the Orton Trust took it on as a centre for the restoration of monuments. Here considerable work was required on the conversion of the church, but the Appeal Committee raised £50,000 and Job Creation provided an additional £25,000. In this case the parish also gained considerably from the exercise: the chancel was partitioned off and remains as a chapel, given back to the parishioners. The Monument Training Centre is running its first course this spring, with eight students from the Croydon Conservation course. The Northampton schemes represent the best of all worlds; churches back in use, ideal uses at that, and the villages have benefited from an injection of life and activity.

The processes by which a church or chapel of ease within the Church of England winds its way from use to redundancy, and from redundancy to use or demolition are somewhat byzantine. A complex process of consultation starts with the Council for Places of Worship which reports once redundancy has become a possibility. A few are reprieved at this point. For those cases in which redundancy is confirmed, a similar procedure is then undertaken, this time by the Advisory Board for Redundant Churches which reports back to the Church Commissioners. In cases of exceptional architectural or historical merit, the building is vested in the Redundant Churches Fund; at present it holds 138 churches and chapels, with a further annual intake of 18 over the next five years. The fund has a remarkable range of churches in its care—one of the most recent additions is Harewood church—but its limits are, obviously, financial. Allocation for 1979-84 is £2.9m., contributed 50/50 by the Department of the Environment and the Church Commissioners; part of the latter sum coming, ironically, from the sale of buildings and sites.

For many redundant churches the future is less rosy. In the past 11 years, 180 have been demolished — even listed churches are not immune. Victorian churches in urban settings are among the most vulnerable; they are subject to vandalism, often sited in depressed areas where the potential for new uses is least, and are often large and therefore expensive to maintain, let alone to repair. Teulon's magnificent church, St. Mark's, Silvertown, which stands derelict and ivy-covered amid the industrial landscape of the London docks, is a vivid illustration of this.

Responsibility for redundant churches passes to the diocese and there is considerable disparity between the attitudes of one diocese and the next. In the Diocese of London between 1969 and November 1977, 46 churches were declared redundant of which half have been, or are about to be, demolished. The necessity to realise the commercial value of a site brings pressure to bear and under forthcoming amendments to the Pastoral Measure the waiting period on demolition will be reduced from a year to six months, intensifying such pressures.

The maze of bodies and legislation that surrounds the disposal process is further complicated by the Faculty Jurisdiction Act (1964) which determines the situation for churches in use, if they are to be replaced or reduced in size. Anomalies exist within this measure but it is to be amended.

The Church of England bears responsibility for some 18,000 churches and chapels of ease. The scale of the problem when non-conformist chapels and churches of other denominations are added is brought out in Marcus Binney and Peter Burman's book "Churches and Chapels: Who Cares." Contracting congregations, a vast stock of mostly ancient buildings, and shortage of finance (the Government provides £2m at 1973 values) present a nightmare of great complexity. Yet the Church Commissioners see encouraging signs in the continued growth of new uses—perhaps because the public is becoming more aware of the possibilities. The Sports Council specifically encourages the use of churches for sports activities, and has produced a design brief setting out guide-lines. The Norwich Historic Churches Trust which holds 14 churches on lease from the City Council is another solution: a proper strategy toward churches in one particular town. Ipswich is now following suit.

Churches in 1979 are perhaps less vulnerable than they were ten years ago. Solutions are more forthcoming, officials and the public more willing to help. Yet the area of concern is still immense—it is a problem for everytown and village in the country and one with which everybody should concern themselves.

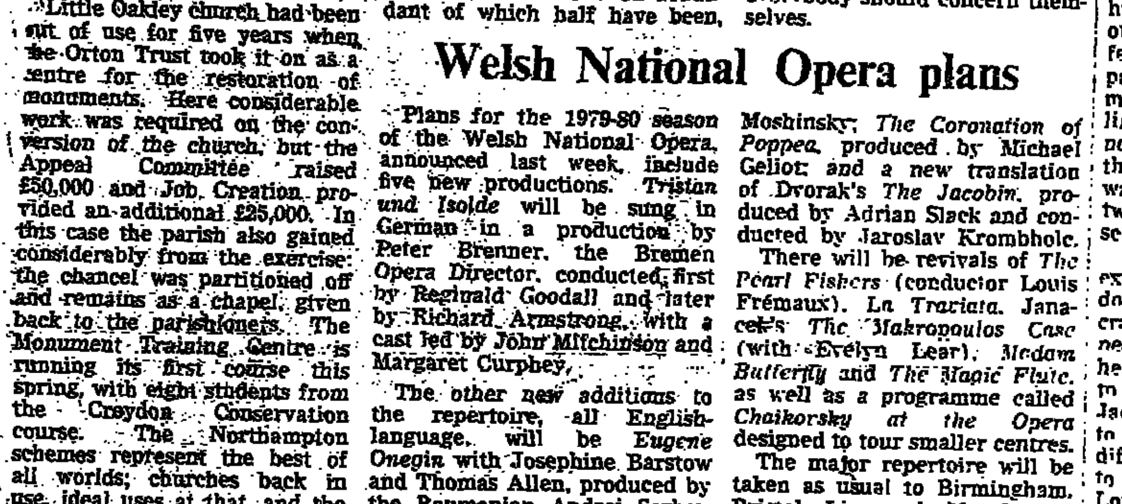
Welsh National Opera plans

Plans for the 1979-80 season of the Welsh National Opera, announced last week, include five new productions. *Tristan und Isolde* will be sung in German in a production by Peter Brenner, the Bremen Opera Director, conducted first by Reginald Goodall and later by Richard Armstrong, with a cast led by John Mitchinson and Margaret Curphey.

The other new additions to the repertoire, all English-language, will be *Eugene Onegin* with Josephine Barstow and Thomas Allen, produced by the Roumanian Andrei Serban and conducted by Mark Ermler from the Bolshoi Opera; Verdi's *Ernani*, produced by Elijah Moshinsky; *The Coronation of Poppea*, produced by Michael Geliot; and a new translation of Dvorak's *The Jacobin*, produced by Adrian Slack and conducted by Jaroslav Krombholc.

There will be revivals of *The Pearl Fishers* (conductor Louis Frémaux), *La Traviata*, Janaček's *The Makropoulos Case* (with Evelyn Lear), *Madam Butterfly* and *The Magic Flute*, as well as a programme called *Chaikovsky at the Opera* designed to tour smaller centres.

The major repertoire will be taken as usual to Birmingham, Bristol, Liverpool, Manchester, Oxford and Southampton, besides Cardiff, Swansea and other Welsh towns.



The Leigh—one of the redundant churches finding a new lease of life

Coliseum

The Marriage of Figaro

Jonathan Miller's production of *The Marriage of Figaro* for English National Opera has returned to the Coliseum with seven principals new to London audiences. *It is* a strong, well-balanced cast that now fills out Dr. Miller's *striking framework*. Individual singers reveal quirks of personality more freely than before, though the relaxed, unfussy character of the staging remains its best feature. A few details have been altered: the Countess no longer lolls in a chair for her third-act aria, for instance, but she still sits with the casualness of someone whose thoughts are wholly concentrated on inward feelings, not on external surroundings.

Felicity Palmer, who sings the Countess, is particularly good at expressing strong emotion without moving a muscle. Her silent disapproval of the Count's attempts at intrigue during the marriage festivities has the power of a high-voltage electric current. If on Saturday Miss Palmer's voice had more edge than is customary for the role, in ensembles her keen, compact tone and disciplined phrasing are invaluable. By contrast, Eilene Hannan's gentle Susanna sounds unusually vulnerable, but she too expresses determination through the firmness and security of her singing. Though her performance has plenty of quiet humour it is, thank goodness, totally lacking in the pertness of a typical soubrette.

Alan Opie gives Figaro a genial temperament that allows him to meet and deal with all emergencies unperturbed. Only the apparent infidelity of Susanna in the last act has the power to ruffle his good humour. Neil Howlett's Count, smoothly sung and elegantly presented, conceals his fury at the frustration of his desires beneath a paper-thin veneer of bonhomie. Della Jones, a convincing Cherubino in the painful throes of adolescence, makes it clear that Barbarina and even Susanna are only agreeable and temporary substitutes for the page's real love-objective—the Countess.

Shelagh Squires, nobly resisting all temptation to caricature Marcellina, finds her aria uncomfortably high but otherwise sings sympathetically. Harold Blackburn's equally unexaggerated Bartolo and Stuart Kale's unctuous Basilio fit snugly into Dr. Miller's carefully imagined household. Sir Charles Groves, happy perhaps to return to the crystalline waters of Mozart's score after his recent exploration of the murkier depths of the Rhine in Wagner's *Ring*, conducts with a lighter touch than at the production's opening performances last autumn. His pacing of the second-act finale now flows with exhilarating inevitability.

ELIZABETH FORBES

Northcott, Exeter

Motherdear

"Motherdear" was what her children called her. "You're the most beautiful mother any chap ever had," her younger son George assured her. Everyone loved her except her husband: he was too busy loving other people, and did not feature much in the picnics, parties and balls that made up most of Motherdear's family life. What Motherdear could not be made to understand was that playing Hunt-the-thimble was not an ideal occupation for two girls in their '20s and a son serving in the Royal Navy.

In his play, Royce Ryton examines her with a purely domestic eye, and Motherdear's craving for affection is seen in perspective. She could not keep her sons at home: Eddie went to London (and possibly became Jack the Ripper) George went to sea. But daughters are different. Maud slipped away to become Queen of Norway: Louise was reluctantly conceded to the Duke of Fife ("A subject!" says George indignantly); but Victoria was ruthlessly, even dishonestly, kept at home as a kind of amateur lady-in-waiting.

For various political reasons, no arranged marriages were seriously proposed: the only suitably young and Protestant candidates were all Germans and Motherdear didn't like Germans. There was a romantic brush with a young man—a subject and not even a duke—and a desperate trial with Lord Rosebery, who was Prime Minister at the time. But poor Princess Victoria was condemned to attend Queen Alexandra until that all-too-lovable figure died at 81, deaf and senile, to give her her liberty years after there was anything to be done with it.

Even if Motherdear had been only Mrs. Jones instead of Mrs. Guelph, the story, with its suggestion of Henry James, would be a pathetic one; but because the characters come from the European royal families the pathos is enhanced. Mr. Ryton has indicated rather well the illusion they had, these Queens and Princesses of Great Britain and Germany and Russia and Denmark and Norway, that they really did have the control of the western world in their hands, an illusion for which they are not to be blamed so much as pitied.

They move majestically about the Sandringham drawing-room in their lovely costumes (the décor by Hugh Durrant), members neither of the aristocracy nor the people, but denizens of a latter-day Valhalla. Even at her most wicked, when, for example, she explains to Victoria that Rosebery's first wife died young because he gave her syphilis, Dilys Hamlett imbues Alexandra with the charm that she traded on all her life, avoiding argument with a coquettish affectation of deafness, the head turned to present an ear, an impassable "What is that?" offered with a friendly smile. Janet Maw's Victoria diminishes visually as well as personally, her pretty frocks giving way to plain dresses more suited to a governess, her mobile features increasingly set in resignation.

George V, in the terrible post-war scene where Queen Alexandra and her sister the Dowager Empress Marie of Russia believe themselves still to be in the old world, is neatly played by Brian Carroll with a touch of the gruffness in his voice (that we used to hear on the radio, I mean the wireless, each Christmas. Clive Carter is the disappointed Equerry (properly pronounced with the accent on the second syllable) and Frank Barrie a flatteringly handsome and romantic Rosebery.

Richard Digby Day, the director, has flattened out the Northcott's stage and banished the proscenium so that the stalls run right down to the acting area, as in the Mermaid, though more prettily. The appalling discomfort of the over-furnished room, crammed with framed pictures of Alexandra's relations, is an extraordinary background for all that talk of Nicky and Willy and the need for Minnie (widow of the Emperor Alexander III) to sell her jewels if she is to be able to live within her means.

B. A. YOUNG

Leonard Fenton and Angela Pleasence in 'The Square'

Leonard Burt

New End

La Musica/The Square

by MICHAEL COVENEY

The plays of Marguerite Duras are rather like Gallic short stories in the *New Yorker*: slight, mordant, felicitously phrased, ephemeral. They are not my cup of tea, nor does Nicholas Renton's lacklustre direction of these two short pieces do anything to assuage me in my prejudice. *The Square* (1956) was Duras' first play, while *La Musica* (1965), which I always think of as a Noël Coward snippet without jokes, demonstrates that the author had defined her proposed theatrical territory in the earlier piece. The longer plays have been subtle variations on the one, monotonous theme of coming together and falling apart.

The best performance of the evening is by Estelle Kohler in *La Musica*: a newly divorced husband and wife sit up in a hotel lounge to chew over their past, re-live the husband's jealousy and elaborate upon the wife's former insistence on privacy within a relationship. "How to make memories less painful" is the name of the game, although the practical problem of what to do with the furniture also looms small. Miss Kohler has a wavering upper lip ideal for Duras, although even she fails to raise a laugh, intended or otherwise, with the line "Some people spend the afternoon weeping when love starts to languish; I go to the races." Her partner in hate is Michael Howarth.

The Square, which trundles interminably on despite Leonard Fenton's brisk comic attack in the part of a lonely commercial traveller on a park bench, contains one inspired passage of writing as the idea of perpetual travel is likened to the loung maid's ambition to own a gas-cooker, an aim that will lead inevitably to coveting a refrigerator. Both the traveller and the maid (played with a relentlessly gaseous earnestness by Angela Pleasence) are sad loners, she "the sort of girl most men make do with." They may or may not make a doomed go of things at the Saturday night dance. So what?

Mr. Renton's production, even allowing for the fact that I saw a preview on Thursday night, is careless with the off-stage sound effects, clumsy with the lighting and sadly short on the sort of rhythm and sensitivity Duras demands. There is room in the programme for a characteristically bizarre appreciation of Duras by Harold Hobson, but none for an accreditation of the translation, which I assume to be the work of Barbara Bray. I hope she collects her royalties in due course.

BBC 2/Radio 3

Albert Herring

by ARTHUR JACOBS

Even when the orchestral sound is as prominently recorded as it was with this *Albert Herring*, the "timing" of an opera on television tends to establish itself in visual rather than musical terms. The *mockery* of English village types—a *mockery* which is entirely *conventional* and *predictable*—is sufficiently acceptable when the subtle sonorities of Britten's score beguile our ears in the theatre, but on television I found the fun wearing thin over the full three-act length.

Humphrey Burton's spoken synopses before each act did not indicate much confidence that the opera would tell its own story—even in English! Perhaps a more radical, studio-conceived production would have needed no such prompting. *But this was opera from the opera house, a concept which at* least plays safe with music-lovers who are attracted to television opera not as television but as a substitute for the theatrical experience.

The theatre was, unexpectedly, in Missouri. We joined *the audience of the* Opera of St. Louis, where the cast had been reinforced with the formidable British presence of Pauline Tinsley as Lady Billows, as well as of David Ward in the subsidiary role of Superintendent Budd of the Loxford police. The sight of the orchestra and the conductor, John Moriarty, framed the performance. It was the feat of Brian Large, once again the television director for the BBC (in co-operation with WNET, New York), to contrive the least possible interference with the theatrical illusion, save necessarily in pictorialising the orchestral interludes between scenes.

In the otherwise American cast, James Hoback as Albert himself was outstanding. The simple youngster who is chosen May King because none of the village *girls is virtuous enough* to be May Queen, and who finally kicks off the traces of his mother's repressive hand, is not an easy role. Can he really be so simple? Here the dead-earnest manner, creasing into a smile only when Albert silently joins those who are mourning *his supposed decease*, was exactly apt—and the music was attractively sung too.

Pauline Tinsley, regal whether on a Tudor throne or (as here) bossing a late-Victorian village, also had her moments of comic triumph as Lady Billows, and *her voice fully encompassed the rich range of the part. Mostly* she had taken trouble with clarity of diction, but I fancy those unfamiliar with the opera will have "lost" her a few times. *As her housekeeper, Florence,* Joyce Gerber was allowed to model herself too much on her mistress: why should both of them, and the vicar as well, wear spectacles at the ends of their noses?

Those with memories of the late *Owen Brannigan* as *Superintendent Budd* must have thought David Ward rather dull, and Elizabeth Pruett's schoolteacher did not achieve quite the dotty delicacy which April Cantelo used to conjure up. There was a rather unsmiling Nancy (Evelyn Petros), whose *eye make-up* seemed to come from another *production* altogether, but Stephen Dickson sang an excellent, warm-hearted Sid.

Congratulations are due to American singers who (all except the children) could simulate Englishness so well: I *doubt* if an English cast could do the same for an American opera set in America. *The surviving awkwardnesses stemmed* mainly from Eric Crozier's original, creaky libretto. If you *could* switch your attention to the score, its felicities — from the parody anthem of "Albert the good" to the children's *ball-bouncing ditty*—were as telling as ever.

SOCCER

BY TREVOR BAILEY

Forest press on with Clough plan

THE TWO most impressive Second Division teams in 1976-77 were Chelsea and Wolverhampton Wanderers. The manner in which both gained promotion suggested they would do reasonably well in the First Division.

The football of the third team to go up, Nottingham Forest, was less convincing and appealing; many felt that fourth-placed Bolton Wanderers were unlucky and had more to offer. Certainly nobody expected—not even, one suspects, Brian Clough—that Forest's return to Division One would be quite so successful.

Now, two years later, Chelsea, having survived one undistinguished season, have already accepted relegation as inevitable, while, though the Wolves should escape the dreaded drop, this is due less to their own ability and more to the large number of indifferent teams in the bottom half of the First Division.

These two struggling clubs, who promised so much such a short time ago, provide (almost inevitably, under new managers) classic examples of the ups and downs of football.

At Stamford Bridge on Saturday the enormous gap which now exists between doomed Chelsea and the holders of the League title, who achieved one remarkable double last season and have another in view, was plain for all to see.

In the first half, with a strong wind at their backs, Forest scored twice and squandered four quite easy chances. It was men against boys, so that a 4-0 scoreline at that stage would not have been flattering.

After the interval the game became less one-sided, even though a brilliant burst down the right flank by Francis enabled Bowyer to increase the lead. Eventually the home team obtained a consolation goal, well taken by Butch Wilkins, without ever suggesting that they had the ability to inconvenience the visitors seriously.

This match provided Brian Clough with an ideal work-out for the vital task of establishing a substantial lead against Cologne in the first leg of the European Cup semi-final at Nottingham on Wednesday.

Although his team were without Birtles and Woodcock up front, and without Burns in the middle of the back four, they had a most promising reserve in Gunn, at left-back, and continued to function with the smooth efficiency which wins matches and friends.

Of course, it makes a considerable difference having a footballer with the class of Francis as cover for his present spearhead of Birtles and Woodcock, but the real strength lies in the pattern Brian established which not only gives away nothing at the back but involves using the ball out of defence exceptionally well, accuracy, skill and effort.

These basic principles were laid down when Forest gained promotion with what, individually, was not an exceptional side. Subsequently

Forest have been able to provide much money to improve both the team and the ground facilities, whereas Chelsea, with the burden of a seven-figure overdraft, have been fighting a continual battle to reduce this heavy load and to survive. There has been little cash to spare on players.

In an effort to halt that first-half-of-the-season slump which guaranteed they were already Second Division bound, the Chelsea board, needing a man to work miracles, made an interesting choice. They persuaded that former outstanding player, captain and football philosopher, Danny Blanchflower, to take over the reins.

Danny, with his deep love of the game, has, it is good to say, remained a romantic at heart, with a mission for pure—this adjective pronounced with the purity that only a Northern Irish accent can fully convey—football.

He could not turn to such tactics as a realist would probably have adopted—keep it simple, make is a difficult as possible for the other side, settle for total commitment rather than skill, defend in number and depth, hope to cash in on the odd error by the opposition.

This strangulation football can bring limited success for a limited period but would have represented a betrayal of Danny's principles.

He is fully aware of the many existing weaknesses in his side and is already thinking in terms of next season's campaign and making a speedy return. Although he has several very talented youngsters who have lost confidence it will not be easy, but I hope he succeeds because the game could do with more genuine idealists like him.

RUGBY UNION

BY PETER ROBBINS

Tour gives coach Davis fine chance

THE ANNOUNCEMENT of England's party to tour the Far East last week was the first act of the new selection regime. Budge Rogers is now chairman and Mike Davis, who finished playing in 1970, is the new coach.

Both are well aware of the task ahead of them as they survey the debris of a season which had promised so well.

The lessons have been largely negative, in that England has still not found an inside pair who can release the ball quickly to the three-quarters. Thus there has been an inability to translate possession into points, and this was clearly demonstrated in the Scottish and Welsh matches.

Rogers I know, is extremely concerned about the poverty of England's back play. Club coaches whose first aim is success have tended to hide individual faults in the backs rather than remedy them.

England three-quarters run at predictable angles, whereas the Welsh and French backs have varied their lines of running and, in the case of their full-backs, Williams and Agurre, the point of entry into the line. It has been interesting to see how France work off the ball, whereas some England players would not accept their responsibility in that field.

The national side must reflect the game in the country, and England, despite the absence of Cotton and Uttley, have developed a pack of ball winners.

This tour, and the under-23 tour of France and Italy, must be used sensibly, and the national team for the East was elected from players who are serious contenders for the full international side next year. It would appear that both Uttley and Dixon have played their last game for their country, but we shall see.

I am very surprised at the exclusion of Kenney, Leicester's ebullient scrum-half, because he has played consistently well for the past three seasons. He outplayed Youngs, Bedford's aspiring scrum-half, in a John Player match and has the all-round talent that England need.

All too often have the selectors opted for a player with a single strength, and Peck, although a good prospect, does not yet show enough balance in his games. The selection of Huw Davies is tremendously interesting.

It is possible that Rogers will invite some new selectors, and since we are to revert to divisional matches next season presumably there will have to be a new Midlands selector in place of the new chairman.

Moseley have two strong contenders in John Finlan and John White, but with the need to preserve a forward-back balance, Rogers might opt for a three-quarter. Bill Gittings, of Coventry, is a possibility, but Finlan would seem to be favourite.

It is understandable that any committee should be up-dated, but I think wholesale replacement is unlikely, because a certain continuity is essential. Rogers would be well advised to consider the claims of people like Bob Hiller, John Pullin, J. R. C. Young, Terry Jorden and John Spencer.

What new ideas will Rogers have? He will want Mike Davis to spend more time with the team, and there should be more coaching sessions. I think we may see separate coaching sessions for forwards and backs so that the work can be concentrated.

The new pairing will also want to have the whole squad at the pre-match sessions, not just the team and six replacements. In this way some semblance of realism can be achieved. Rogers is totally opposed to skeleton rugby which he believes has been responsible for the dissolution of England's backs under pressure.

Davis comes to the job with impressive credentials. An outstanding coach of the England XV and XIX group teams, he says that there is no such thing as a super-coach, merely super selectors. I think he underestimates his own contribution, and with his wide playing experience I do not envisage any problem in the delicate transition from coaching students to coaching the national side.

He will be looking for reaction to the man with the ball to make gaps. It is sad that this should have to be referred to at all, indicating as it does that coaching in England has not made comparable progress with coaching in other countries.

Davis has a glorious opportunity to project his ideas on the Far East tour, and to establish the players' confidence.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 886341/2, 883897
Telephone: 01-248 8000

Monday April 9 1979

Callaghan's manifesto

THE LABOUR Party Manifesto published at the weekend bears a heavy imprint of Mr. Callaghan. *If there is a political philosophy that can be called "Callaghanism," it is all there.* Mr. Callaghan believes in a kind of halfway house between the extension of State ownership and the encouragement of private enterprise. It is typified by the National Enterprise Board and the Scottish and Welsh Development Agencies. The Manifesto proposes that the activities of such bodies should be extended even to the point of the creation of similar development agencies in the English regions. There is also provision for compulsory planning agreements between government and industry.

Questions

This interventionist — Mr. Callaghan would say "partnership"—approach reaches into relations between government *and the individual. It is part of* the Callaghan philosophy that the state should be available to help the citizen in ever more spheres. Thus it is proposed that people should go to school earlier and stay at school longer, and if necessary be paid to do so. There are plans for the extension of job protection schemes, the ending of fee-paying independent schools, and the abolition of all charges in the National Health Service.

That is the basis for describing the manifesto as moderate, or perhaps more accurately Callaghanesque. The Labour Party is offering more of the same, provided—and over a five year period it is a fairly big proviso—that Mr. Callaghan remains in charge.

There are several questions that need to be asked. The first is whether the Callaghan approach, even as it has been practised so far, really works. The Prime Minister has frequently defended his interventions in the economy on the ground that they were made necessary by the harsh external economic climate and by the need for British industry to go through a time of restructuring, *if not regeneration.* In other words, the job protection schemes, the State aid to private companies in trouble, and even the State launching of new industries were purely temporary. After a while, British industry would again be able to stand on its own feet.

It is notable that the manifesto makes little mention of the temporary nature of these provisions. Interventionism has become a permanent philosophy. In that sense there has been a striking retreat from the *idea of the market economy.*

Defence

There are also questions that need to be asked about Mr. Callaghan's concessions to the *Left wing of the party,* and about his compromises. The statement that "we shall continue with our plans to reduce the proportion of the nation's resources devoted to defence" *is a straight concession. It had* not previously been known that the Prime Minister wanted further unilateral cuts in British defence spending. On the contrary, the general impression was that he had become sufficiently alarmed by the expansion of Soviet forces to be in favour of a modest increase.

The statement on the future of the British independent deterrent is obscure to the point of *being meaningless. The first* sentence says that the best course would be to let it lapse with obsolescence. The second sentence says "may be not" and the third sentence calls for a full and informed debate, which is the last thing any Labour Government has wanted on this subject. The only interpretation one can put on it is that one part of the passage is meant to appeal to one section of the Labour Party and the rest to another, while theoretically keeping all options open.

Similar criticisms may be made of those other throwaway lines clearly designed to placate the Left. The point of abolish*ing the legislative veto of the* House of Lords, for example, is not immediately obvious, if only because it is less than clear what that veto is. It would have been more honest to have gone along with the wishes of the Labour Party conference and promised outright abolition of the second chamber. It would certainly have been bolder and more impressive to have offered a more fundamental programme of constitutional reform.

Perhaps the most devastating throwaway line of all concerns import controls: "The Labour Government will ensure that imports enter our markets only within acceptable limits." In itself, it means very little. How often all does one define "acceptable limits"? On the other hand, the principle of import controls is now enshrined in a Labour Party manifesto for the Left to make what use of it they will.

Growth rate

In the end, however, the real question is about the performance of the economy. The manifesto assumes an economic growth rate of "3 per cent or *more." It is on that basis that* it makes a large number of spending proposals as well as a pledge to cut taxation at the lower end of the earnings scale. What one is being asked to believe is that a Labour Government could achieve that growth rate over a five year period, for only then could it carry out its promises.

It remains that these questions are relative. The *Labour manifesto still has to be* measured against those of the Conservative and Liberal Parties. But one cannot easily pretend that Labour has offered a vision of a new Britain.

Competition for investment

UNLESS there is a last-minute hitch, Ireland's Industrial Development Authority will announce today that Mostek, one of the leading U.S. semi-conductor companies, has decided to build a testing facility and eventually a manufacturing plant near Dublin. So this particular *contest for a potentially* valuable piece of inward investment has been won by the Irish Republic: with an unhappy Scottish Development Agency beaten into second place. In the meantime the battle for the much bigger investment by Ford, involving a new car assembly plant, still appears to be in the balance. France and Austria are the front-runners, but one cannot rule out a late bid from another country, which might produce an even more tempting package of incentives.

Indisciplined

On the face of it the only winners from this type of competition are the international companies themselves, but even they must wonder whether the short-term financial benefits for a particular project outweigh the damage to the world trading system *which is taking place* as a result of the indisciplined use of investment incentives. Not *only are governments* desperately anxious to attract new investors to areas of high unemployment, like the steel-making region of Lorraine, but within each country the agencies charged with attracting new investment can go to extraordinary lengths in designing financial packages — including equity participation—to suit the prospective investor's needs.

There is a clear case for stricter international rules to bring this competition under control. The Carter Administration has been arguing for such rules for some months, but the response from other industrial countries does not appear to have been enthusiastic. Last autumn Mr. Fred Bergsten, Assistant Secretary of the Treasury for International Affairs, set out his country's "model approach" to international investment. Under normal circumstances the U.S. would *neither promote nor discourage* inward or outward investment flows or activities: would avoid measures which gave special incentives or disincentives to specific investment flows or activities: and would avoid intervention *in the activities* of individual companies regarding international investment.

Mr. Bergsten admitted that the U.S. Government itself, to say nothing of the State governments, had often actively intervened to secure inward investment. Intervention in this field usually involves two features—incentives to attract the particular investor in the first place and performance require*ments to ensure that the company* contributes to such objectives as job creation, technology transfer and exports.

Self-defeating

Both these aspects have the effect of distorting normal competitive forces. There are *international agreements,* within the EEC and in the wider OECD framework, which deal with *international investment* problems, but they need to be strengthened. In 1976 the *members of OECD agreed to* take into account possible damage to other member countries if they *provided special* incentives to attract inward investment. With the 1976 agreement due to be reviewed this year, the fundamental issue is whether governments are prepared to surrender some of their freedom of action in the interests of a more stable trading world.

A guide to underground economics

BY DAVID FREUD

THE early Christian community in Jerusalem had no problem with tax evasion, even though it taxed the entire proceeds of capital sales made by its members. When Ananias and his wife tried to keep back part of the value of a land sale from the Apostle Peter, they were immediately struck dead.

The modern tax collector may well regret the lack of so effective a deterrent, because evasion has become a major, and growing, problem. Recently Sir William Pile, chairman of the British Revenue Board, became the first senior official to make a public estimate of its extent. Freely admitting that he had no hard figures, he told a Commons select committee that "it was not implausible" that the black economy—or earnings that evade the tax net—now totalled 7½ per cent of gross domestic product, or something over £11bn in the 1978-79 financial year.

Such a figure is not out of keeping with estimates made for other advanced economies. Independent researchers put unofficial activity in the U.S. at 10 per cent of gross national product, and in Italy at about 20 per cent. Even well-regulated *West Germany has long had a* problem of *Schwarzarbeit,* or black work.

Unofficial activity of this extent clearly has substantial implications for economic management. An obvious example concerns the level of savings, which is a key influence on consumer demand and hence on the growth of output. Savings from black earnings—where there are no employer or state benefits—are likely to be much higher than in the official economy. If the black economy represents 7½ *per cent of GDP there could be* a significant dampening effect on growth, simply because these *extra savings go under the mattress*—not into consumption.

SPENDING BY SELF-EMPLOYED AT DIFFERENT LEVELS OF DECLARED NET EARNINGS (1977)

		WEEKLY SPENDING			
Weekly net earnings	Self-employed	Manual workers	Clerical workers	Administrative & managerial	Professional & technical
£40-£60	£64.64	£47.97*	—	—	—
£60-£80	£76.20	£59.40*	£55.49	—	—
£80-£100	£88.60	£70.51*	£74.23	£75.46	£76.94
£100-£150	£106.70	£87.25*	—	£101.87*	£91.12*

* Approximate.

Source: Family Expenditure Survey, Department of Employment

CIRCULATION OF £10 AND £20 NOTES
(Aggregate value)

	£10 & £20 NOTES		ALL NOTES		CONSUMER SPENDING	
1972	£531m	+470%	£3.5bn	+110%	£39.9bn	+140%
1974	£996m		£4.4bn		£51.9bn	
1976	£1.7bn		£5.7bn		£73.5bn	
1978	£3bn		£7.5bn		£95.7bn	

Source: Bank of England and CSO

Sir William Pile

it is difficult to regard such activity as contributing to welfare and output. Some economic activity is excluded from the national income by definition — such as Do-It-Yourself and work by housewives. A bachelor can reduce GDP at a stroke by marrying his housekeeper. Finally pilfering—especially from manufacturing industry—can result in an under-estimation of output.

However defined, the black economy is highlighted in several sets of official figures, and all of them provide strong *indications that it is growing,* although they give no clear evidence of its absolute size. The main plank of evidence is contained in the work of the Central Statistical Office on the national income tables. The office derives GDP in three ways—through income, expenditure, and output.

The raw *figures for income* have always been lower than those for expenditure, and the statisticians have therefore added on an amount to total income. This amount—representing unrecorded earnings, presumably in the black economy—seems to be growing. In 1975 it represented 1½ per cent of GDP while in 1978 it was 2½ per cent, or £3.4bn. This is far lower than Sir William Pile's £11bn estimate. However, while the CSO picks up some "black" activity in its expenditure figures, *based on the household* expenditure survey, it misses a great deal owing to the nature of the problem. If the tax authorities cannot pin down a proportion of income in the economy, other *statisticians* are also likely to be deficient.

No one has yet succeeded in framing a *satisfactory definition* of the black—or hidden—economy. It is not simply activity that evades taxation: in the UK, for example, much work is kept clandestine to avoid the loss of social security benefits. Nor is the black economy completely unmeasured by the official figures. *Statisticians are able to estimate* some of the "black" income from consumer spending and *some of the hidden economy* is therefore, paradoxically, included in the official figures for total national income.

Illegal transactions, such as the drugs trade, escape the statistical net entirely, although survey spending on most goods is taken from the output statistics and retail sales figures. The expenditure figures would *also tend to miss another key* element of the tax-evading economy—the way in which many of the self-employed overstate their expenses to cut net earnings for purposes of tax. Where the purchase was not a true expense, the practice would take an amount out of final expenditure into intermediate expenditure.

That the self-employed often do indulge in some kind of fiddling of this nature is strongly suggested in the latest Family Expenditure Survey, covering 1977. It shows that at comparable levels of declared net income the self-employed manage to spend between £5 and £18 a week more than employees.

Those self-employed declaring *earnings between £80 and £100* a week, for instance, spent on average £88.60, while clerical employees in the same wage band spent only £74.23—£14.37 or 16 per cent less.

Dependent on cash

The roughest of calculations shows that, taking £10 a week as the average discrepancy, the 1.9m self-employed would have been spending an extra £1bn in 1977 than they would as employees. This was equivalent to ½ per cent of GDP. How *much of it was picked up in the* expenditure figures would have depended on the precise nature of the fiddling.

The black economy is heavily dependent on cash for its transactions, since cheques and other such instruments could be traced by the authorities. Accordingly, if the black economy has been growing, one would expect it to be reflected in the use of bank notes.

In fact the proportion of cash to the overall money stock has, if anything, declined in the past 10 years, while note circulation has grown at only half the speed of consumer expenditure at current prices. That is not surprising, given the rapid expansion in the use of cheques and credit cards. However, within the total there has been a remarkable increase in the use of large-denomination notes. Researchers in the U.S. believe this to be a key indicator of black economy activity. People tend to pay their "black" plumbing bills for, say, £100 in £10 or £20 notes, rather than in £1 or £5 notes.

In the U.S. the aggregate value of $100 notes in circulation rose by more than 250 per cent between 1967 and 1977, while the aggregate value of currency in circulation rose by only 125 per cent.

The corresponding growth in the U.K. is far faster. The figures for note circulation were given in the Bank of England's September quarterly bulletin in a special article which commented: "Given the conservatism which affects most people's attitudes to money, it is perhaps remarkable that, even in the relatively short space of time since the issue of the higher denomination notes, the proportions of total circulation represented by the various denominations have changed as much as they have."

Between 1972 and 1978 the aggregate value of £10 and £20 notes in circulation grew by 470 per cent., while the growth in the aggregate value of all British notes rose by only 110 per cent. Inflation and increased consumer spending accounts for only a small proportion of the increase, for over the same six years consumer expenditure at current prices only rose by 140 per cent. As a *proportion* of all notes, the two higher denomination notes increased from 15 per cent in 1972 to just over 40 per cent in 1978. Expressed as a proportion of consumer spending the aggregate value of £10 and £20 notes increased from 0.9 per cent to 3.2 per cent.

In spite of the difficulty of estimating the velocity of circulation of cash spent on illicit transactions, work has begun in the U.S. on econometric models to calculate the size of the black economy, using the growth in big note circulation as a base.

No doubt such an approach in the UK would also be worth examining.

More evidence of the existence of the black economy is provided by Customs and Excise figures for VAT. In 1975 a study showed that about £30m was lost through fraud and evasion. Most fraud occurs at the retail level, and because the VAT system traces goods through the economy from manufacture to sale, it provides a good pointer to what slips out into the black economy.

In 1975 the lowest rate of VAT was 8 per cent, so at the very least the £30m of lost taxes represents goods and services worth £375m. In fact it is likely to represent considerably more, because a proportion of the lost VAT would not have covered the entire worth of the goods, but only the evaded *retail mark-up.*

The figures do not show a break-down between services and goods but, by its nature, the VAT system tends to be better at tracing goods frauds. Assuming VAT lost on goods at two-thirds of the total and average retail mark-ups of about 30 per cent, the Customs figure suggests that goods worth between £250m and £750m slipped out into the black *economy in 1975.* That was between ½ and ¾ per cent of GDP.

In fact VAT is a major constraint on the growth of the black economy. In the U.S., where there is no VAT, the black economy is essentially a small business occupation. The standard evasion technique is to shrink the apparent size of an operation by keeping back a proportion of sales and buying some merchandise *for cash,* with no records kept. At the same time some workers can be employed "off the books."

In the UK the VAT system makes it far more difficult to disguise the amount of merchandise coming into a business. All traders with an annual turnover of more than £10,000 must be registered, and the *1972 Finance* Act lays down that traceable invoices must be available for inspection all the way through the system.

The other major constraint on the black economy is the Pay As You Earn income tax collection system for employees. This leaves very little room for evasion, though "irregularities" in PAYE payments have been growing a little over recent years. The Revenue has doubled the staff conducting audits in this area.

These two sets of checks mean that the bulk of the black economy lies in small-scale consumer services. The cash traders in this sector—plumbers, carpenters, taxi-drivers and all the rest—are either self-employed or moonlighting from their main PAYE job. Only anecdotal evidence is available to support claims of rapid black economy growth in this sector over the past ten years or so. Every householder has a string of stories about how tradesmen turn pale at the sight of a cheque-book.

But the expansion of householder cash dealing undoubtedly derives from the ending of income tax under Schedule A in the early 1960s. Schedule A was a tax on the imputed rent received by house-owners, and there were corresponding reliefs for house maintenance. This meant owners had an incentive, that exists no longer, to record transactions and forward bills to the Revenue.

Ambiguous evidence

The evidence on double-job holding, or moonlighting, is rather ambiguous. Some academic work has been done in this area by Mr. Jeremy Alden of the University of Wales Institute of Science and Technology. There is an indication of *some slight growth* in "casual" second jobs in the early 1970s, although the number of regular second jobs seems to have been steady. In 1971 regular second jobs totalled about 750,000, while casual ones added a further 1m or so.

Mr. Alden's calculations also show that most of the casual or occasional, second jobs were performed by women. Some of their extra income may have *remained undeclared—not for* tax reasons, but to prevent social security benefits being reduced or withdrawn entirely. Figures from the Department of Health and Social Security provide evidence that such fraud is increasing. Five years ago about 5,000 cases were prosecuted, while last year the total had moved up to 26,000. The bulk of the cases concerned undisclosed earnings, and although some of the increase was probably due to better detection techniques, the figures *nevertheless* point to widespread abuse of the system.

The strength of the hidden economy is not simply a reaction to high marginal tax rates. One underlying reason for its growth in the UK—as in other western economies—is the expansion of the service sector. The repeal of Schedule A was another contributory factor. Even if the Tories win the general election and carry out their promise of *cutting tax rates, it looks as if* the many aspects of the black economy will be with us for a long time to come.

MEN AND MATTERS

Joining the squad at half-time

Professor Douglas Hague, Margaret Thatcher's new economic adviser and speech writer, is more of a political butterfly *than his Tory war cries*—"I support Margaret Thatcher and Manchester United, in that order"—might lead one to imagine.

The deputy director of Manchester Business School even served at one time on Liberal Party committees: "I think that was in my childhood," he told *me yesterday.* "*It was about* 1948."

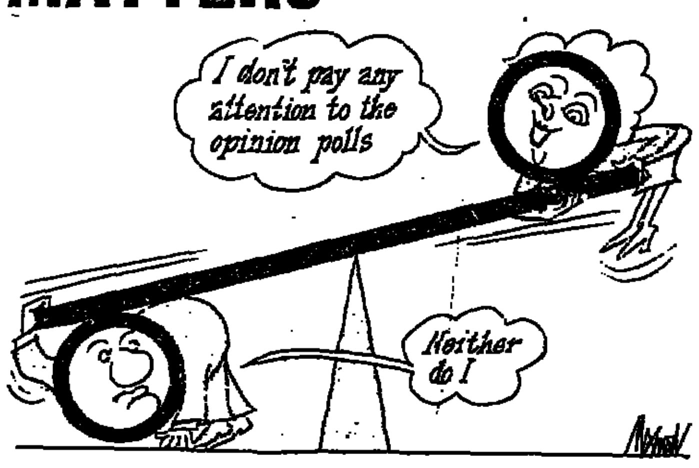
His work for the Labour government, rewarded with a CBE last year, also extends beyond his membership of the Price Commission, for which he wrote last year's controversial report recommending cuts in tea prices. Last autumn he was called in *to head a Department* of Industry working party on the future of Merseyside's Kirkby Manufacturing and Engineering workers' co-operative.

At the time he was widely thought to favour the co-op being taken over by the National Enterprise Board, a solution of which Thatcher would *certainly disapprove.* As it turned out, everyone else disapproved too, and he now insists: "It was never a live issue."

After an abortive attempt to return KME to the private sector, it is now in the hands of a liquidator. "It may have been politically radical, but not managerially," says Hague. "*If* only somebody had been interested in marketing it would have been a good business."

No one associated with the professor during this work had *any inkling of his Tory connections.* "If I'd known I wouldn't have accepted him as chairman," *says Jack Spriggs, one of* the co-op's leaders.

Hague, 52, is unabashed: "I don't regard myself as a very political sort of person. I just want to get the country back on its feet. What Mrs. Thatcher says is that I write more clearly about economics than anyone else. . . ."



Was he, I asked, a card-carrying Tory? "Do I have to answer that question? I make a significant contribution—about the same as to Manchester United. I have a book that *allows me to go to every home* league match."

Making excuses

Come hell or dustmen's strike, lawyers, one would imagine, never have to suffer the indignity of lumping their own household detritus to emergency dumps. "Serve notice on the council, they'll be round like a shot . . . contract, old boy . . . give them seven days," is the gist of many a dimly-overheard bar conversation.

And indeed the Law Society was quick to give me instances of councils *responding smartly* to well-informed threats of court action. Under the 1936 Public Health Act, local authorities have to have a "reasonable excuse" for not collecting rubbish, the Society told me. This excuse had to be on the level of an Act of God. Councils were "absolutely not" immune from honouring a legal contract.

The Association of District Councils counter by saying its members had in general been standing firm: "The feeling is that a dispute constitutes a reasonable excuse. The law is not entirely clear, and anyway I'm not sure that one decision would mean all that much in a different situation," said its spokesman.

Nor did he know if anyone had successfully claimed the much-mentioned 25p a day (another provision of the 1936 Act) which is supposed to be *the right of those accumulating* a personal rubbish mountain.

Impasse in short. I tracked down Hardinge Pritchard, an expert on local authority law, and author of an article in the current *Law Society Gazette* urging citizens to use their rights. "I don't know whether an industrial dispute constitutes a reasonable excuse or not," admitted Pritchard, a trifle disappointingly. "I would have thought it possibly did . . . I've had four rubbish collections this year, three of them in the *last three weeks . . . I didn't* take any action." Why not? "The fag of getting down to the job."

Zillmerized

An insomniac of my aquaintance has just discovered the cure for his trouble—an EEC directive on direct life assurance. One paragraph in this contribution to the brotherhood of man is, I must admit, intensely soporific. If read at speed it sounds uncannily like a lawn being mowed, about which the EEC has also issued some harmonious thoughts.

The Commission, says the directive, will submit proposals for harmonising different concepts of profits "where Zillmerizing is not practised, or where, if practised, it is less *than the loading for acquisition* costs included in the premium, the difference between a non-Zillmerized or partially Zillmerized mathematic reserve and a mathematical reserve Zillmerized at a rate equal to the loading for acquisition costs included in the premium, this figure may not however . . ." and so on.

My curiosity aroused, I have even looked in the Encyclopaedia *Britannica* to find out what this could possibly mean. Eventually I swallowed my *pride and asked the Commission Office in London.* "I haven't the remotest idea," said a spokesman.

Double vision

Postal communications within London appear to have seized up altogether, but Tokheim will be relieved to learn that suggestions are continuing to pour in to my office from the provinces and abroad. Tokheim is the company with the lion's share of the U.S. petrol pump market, and has for some time been rubbing its corporate hands in anticipation of 900,000 pumps being adapted for petrol costing more than a dollar a gallon.

Having doubled in price overnight, the shares dipped after — can it be a coincidence? — one Men and Matters reader put up the idea of selling petrol in half-gallons.

But I see that Tokheim fever has returned and shares closed on the New York Stock Exchange last week at the all-time high of $25, regaining nearly $2 on the day.

Missed opportunities seem to concentrate the mind wonderfully.

[illegible]

FINANCIAL TIMES SURVEY
Monday April 9 1979

ITALY

Italy's economic recovery has solved none of its political problems. Nor are the elections, now due this summer, likely to do anything to break the deadlock in the country's political development or produce a generally acceptable role for the Communist Party. And there are signs that the next round of wage negotiations may affect economic plans.

The crisis as usual

By Rupert Cornwell

UNEASE AND uncertainty are yet again the hallmarks of Italy. The political truce which flourished briefly in the aftermath *of the kidnapping and* murder of former Prime Minister Aldo Moro has ended with the collapse of the unnatural alliance between Christian Democrats and Communists, the country's two largest parties. The inevitable outcome, despite the procrastination of the politicians, is a general election two years before the scheduled end of the current Parliament in the summer of 1981.

An interlude of comparative stability is over, and once more —to foreign eyes at least Italy's gradual drift towards political and social breakdown appears to have regained momentum. The economic recovery which has proceeded steadily since the disaster year of 1976 suddenly looks distinctly precarious. At the same time terrorism, as is its wont in periods of acute political uncertainty, has increased, while a fresh outbreak of scandal, this time embracing even thhe Bank of Italy, one of the country's most esteemed institutions, has muddied the pre-electoral waters even more.

On a more personal level, within the last fortnight Italy has lost one of its most respected elder statesmen, the veteran leader of the Republican Party Sig. Ugo la Malfa. His death, a year after the Red Brigades assassination of Sig. Moro, has only served to heighten the impression that the country's current crop of politicians, and in particular the Christian Democrats who have ruled Italy without interruption since 1945, hardly measure up to the task which faces them. This is the climate in which elections will be held, the result of which, it is commonly observed, is unlikely to bring any radical change from what has gone before and thus break the deadlock which paralyses the country's political development.

The root cause of that deadlock, of course, is the question of the Italian Communists (PCI), the largest and most significant of the west's so-called "Euro-Communist" parties. Their claim to some form of association with the Government process became irresistible with the June, 1976 general election, which saw the PCI come with 4 per cent of the Christian Democrat vote, and a severe squeeze of the smaller intermediary parties with whose aid the Christian Democrats had governed Italy for 30 years.

Conflicting

To reconcile the conflicting goals of the Communists' demands for power, and the national and international pressures that they should not have it, the country has since lived by political experiment. The first phase, which endured until January, 1978, allowed the Communists to keep a minority Christian Democrat administration alive by their abstention. When this clearly failed to *satisfy* their *aspirations*, a new formula was devised under which the PCI was permitted into the parliamentary majority supporting Sig. Giulio Andreotti's Government, but again without direct participation in the cabinet.

However, by last January the contradictions of this role, of being, in the words of Sig. Enrico Berlinguer, a party of "struggle and government," had become too great, and the *disgruntlement of party mili*tants too big to ignore. Without Sig. Moro, the one Italian politician seemingly able to reconcile the irreconcilable, to restrain the right-ward drift of his own Christian Democrat party, the Communists felt they had no alternative but to return to he *comfors* of opposition, even if that meant elections, at which the PCI is expected to lose some ground. The last hopes of avoiding them effectively disappeared on March 31 when Sig. Andreotti's fifth government, a Christian Democrat-Social Democrat-Republican coalition, with no pre-arranged majority, was thrown out on the vote of confidence in the Senate.

The indications of regional and local elections in 1978, supported by opinion poll findings, is that Italy will experience a shift to the right at the forthcoming poll: but the key question is by how much. It could be that it will provide scope for the formation of a Christian Democrat Government without even the inclusion of the socialists, whose 9.6 per cent of the 1976 vote gave them, in effect, the balance of power.

But if, as also seems possible, the outcome does no more than give the ruling party a couple of points more, and the Communists two or three fewer, then the dilemma will remain. The Communists will remain by far the largest party on the *Left, reiterating the claim* that without their involvement Italy cannot be governed. The celebrated strategy of the "historic compromise" remains, even if, as the 15th national congress of the PCI last week underlined very clearly, the party will adopt a much more hostile approach towards the Christian *Democrats. This is not merely* dictated by the imminence of an election campaign, but is a consequence of the disillusion *felt after 2½ years of life in* political no mans land. Not surprisingly, Sig. Berlinguer has again reaffirmed the PCI's demand, which is likely to last beyond polling day: either directly in government or directly in opposition.

It is a measure of the extent of the economy's recovery that the seemingly insoluble political crisis, the sensational arrest of *the deputy director general of* the Bank of Italy, and the summons issued against Sig. Paolo Baffi, the Governor, in connection with the SIR (Societa Italiana Resine) financial scandal have had so little effect on the lira or the domestic stock market. Italy has transformed a 1976 balance of payments deficit of $1bn into a record 1978 surplus of almost $8bn, among the largest in the industrialised world. Last year gross domestic product rose by 2.6 per cent, fractionally under the average for the Common Market, but the signs are that 1979 could see an increase of 4 or even 5 per cent. Foreign exchange reserves, excluding a substantial gold stock, stood at over $12bn *by the end of January, while* the lira has been one of the star performers in the early weeks of operation of the newly launched *European Monetary System.*

Recovery

But how long will this happy state of affairs last? In part the extraordinary recovery from the brink of calamity has been due to international circumstances. The dollar, the currency in which most of Italy's enormous raw material and energy imports are denominated, *remained weak against* the lira, while those of its principal exports customers and competitors in northern Europe were strong. Italy thus had the best of all worlds, and could combine a well-managed downward float of its currency against the former EEC "snake" bloc, *while replenishing* its reserves as the dollar suffered.

That period, however, is probably ending. The recent spate *of oil* price increases will add L1,500bn (£900m) or more to the import bill, make inroads into the country's trade accounts after a miraculously tiny deficit of L348bn (£200m) in 1978, and exert further pressure on prices. Inflation, indeed, is the greatest menace of the moment. After a *steady year in 1978, retail* prices are again rising at an annual rate of over 13 per cent, and some pessimists fear it might be nearer 20 per cent by the end of 1979.

One reason for the gloom is the familiar cycle of the Italian *economy*, whereby an upswing in activity unfailingly produces a rise in imports, a weaker lira and a surge in inflation. Another, and more important, reason is the possible repercussion of the present round of 1979-81 wage contracts, embracing 10m workers in almost every *key industrial* sector. The political tooth-sharpening of the Communists has spread to their union allies, and many employers claim that the outcome of the talks, which look very difficult at present, will be an increase in labour costs which neither companies nor the economy can safely bear. It was to try to iron out these structural troubles, above all by containing labour costs and curbing the insatiable appetite of the *public sector*, that the Government drew up a three-year economic recovery plan last January. But with the political *crisis*, the programme has been shelved, and its prospects of speedy implementation are slim.

In fact, what is happening in the Italian economy appears more and more to reflect what is happening in the country at large: a widening of the spit between the two Italys. The contrast is not as simple as it was when a dynamic prosperous and European north had to be set against the south, *impoverished*, and *still the* prisoner of inept Government intervention, of its history, its culture and its attitudes.

That division still exists, but upon it have been superimposed many others. In economic terms —and at the risk of oversimplification—there is on the one hand the public sector, for the most part unwieldy, lossmaking and riddled with the age-old Italian vices of patronage, and excessive bureaucracy. On the other is the private sector, inventive, aggressive and largely made up of medium and smaller companies, the true backbone of Italian industry, many of which operate in spite of (rather than within the framework of) the *country's recognised structures.* The extreme example is the so-called "submerged" economy, which accounts for anything up to one-fifth of the official one, but which has only recently begun to appear in the statistics. Stung by repeated criticism ISTAT, the central statistics institute, has just revised its estimates of the national accounts, adding an extra 10 per cent to GDP to take in the clandestine sector. In a host of other fields, too, private enterprise is stepping in to make up for the services that the state cannot provide: in education, for example, there are now "private" universities to give a specialised relevant training, apparently beyond the *capacity of much of the chaotic* state education system.

In the broadest sense, there is a powerful centrifugal force at *work, away from* the state and the Government, which are unable to perform many of their most obvious functions. The ensuing fragmentation, and the self-reliance of the people, are undoubtedly the reasons why disasters so frequently predicted for Italy never quite seem to happen. But the price the country pays is very high.

Failures

In economic terms, the lack of central direction by the Government has led to some epic failures: most notably in the chemical industry, which after headlong and unregulated growth in the early 1970s is today virtually *bankrupt.* The SIR disaster, and the intricate subplot of political and industrial intrigue which is now *emerging, is* but the most spectacular facet of this. It has also meant that economic management has largely passed by default to monetary policy and the Bank of Italy: as Sig. Guido Carli, the previous central bank governor once remarked, a bit like "driving a car with only the brake and the accelerator."

In social terms, Italy has paid if anything more dearly. *Most public and welfare* services are a shambles, and as the boom of the 1960s fades from the memory, their shortcomings become daily more glaring. But to correct them implies an overhaul of the public sector that is simply not on the cards. In the meantime, the latter's deficit, of around L 35,000bn a year, over 15 per cent of GDP, is the largest single millstone around the neck of the economy.

Most dramatic of all has been the breakdown in law and order, and the growth in terrorism, which may be seen as the untimate variant of people "doing their own thing" in the absence of central authority. To judge by the number of arrests, the police are making inroads into terrorism. But as fast as suspects are rounded up, new groups surface to perpetrate fresh atrocities. Magistrates, unionists, politicians, police *officers and journalists* are among recent victims. Not least disturbing has been the growing tendency of common criminals to shelter behind pseudo-political labels, thus making the police task ever harder. At the heart of the troubles lies the public's basic distrust of its rulers, all too well justified by the experience of generations. True, the outcome of the Lockheed *payola scandal*, which saw a former cabinet minister jailed for the first time in Italy's republican history, was a sign of sorts that things might be changing. But the rumours and allegations surrounding the latest developments in the SIR affair, to name but one, suggest otherwise.

ON OTHER PAGES

The Economy	II
Trade Unions	II
Politics	III
Banking	IV
Agriculture	V
Trade	V
The public sector	VI
Energy	VI
Industry	VII
The Mezzogiorno	VIII
The islands	IX
The regions	IX
The environment	X
Terrorism	X
The Vatican	XI
Tourism	XII

ITALY II

The economy

Weaknesses remain

ALTHOUGH THE lira is continuing to fare surprisingly well and has been one of the strongest of the currencies to join the new European Monetary System, there are now signs that the Italian economy could come under pressure again.

A worying trend in inflation over the past few months was confirmed by official figures showing a 1.5 per cent rise in Italy's retail price index last February, representing an annual rise of 13.4 per cent. This is above the country's official target of an annual inflation rate of 12 per cent cent this year, and the Italian monetary authorities have warned that unless immediate steps are taken to correct the fundamental *structural distortions of.* the economy and contain new wage increases, inflation is likely to run at an annual rate of 13-14 per cent this year.

At the same time, industrial output, after the encouraging *trend of the last quarter of 1978,* appears to be faltering, and the Italian National Employers Confederation is already suggesting that industrial production is *likely to decline steadily later* this year. The country's balance of payments surplus, which totalled a remarkable L6,900bn last year, is also beginning to fail, although the deficit of L34bn in the overall balance of *payments* in the first two months of the year was in large part due to the early repayment of international loans.

Further worrying signs have come from recent trade figures showing a L318bn deficit in the country's terms of trade in January. While recent returns indicate that the volume of trade may have been understated, the January figures, *which follow* a deficit of L545bn in December, suggest the overall trade position is weakening after the spectacular performance of virtual balance achieved last year.

In its latest report on Italy, *the Organisation for Economic* Co-operation and Development (OECD), recently warned that "the spectacular recovery of the current balance appears to be largely linked with cyclical or special factors. The recent improvement in the terms of trade reflects temporary factors, and the pendulum might rapidly swing the other way in the event of a shift in the *exchange rate relations with the* leading currencies and a rise in raw materials and oil prices."

The improvement in the country's overall economic position during the two years since the 1976 lira crisis, when the authorities were forced temporarily to *close down the foreign* exchange market, has largely been the result of skilful monetary policies and a clampdown on growth, which during the past two years has averaged barely 2 per cent. The decline of the *dollar and lower import demand* due to the recession also assisted the marked reduction in the country's crude trade deficit during this period. At the same time, record tourist receipts have had a notable *effect on the invisibles account.*

However, the basic weaknesses of the Italian economy have persisted. Unemployment is rising. The official figures, *according to which about* 1.6m people are unemployed, 7.5 per cent of the total workforce, only tell part of the story, since more than 70 per cent of the unemployed are young people under 30 years of age.

Crisis

Some of the country's key *industrial* sectors, including chemicals, textiles and steel, are in a state of crisis, and the threat of plant closures in the absence of rational rescue operations is likely to afflict, in particular, the depressed south *of the country. In turn, this* threatens to widen even more the rift between the South and the industrial North.

In view of growing demands to stimulate growth, a draft three-year (1979-81) economic recovery plan was drawn up by the Treasury Minister, Sig. Filippo Maria Pandolfi, at the end of last summer. At the time, Sig. Pandolfi said the object of the plan was to take advantage of the favourable short-term economic situation by putting into effect a medium-term programme to lay the basis for sustained and stable growth during coming years.

The main purpose of the programe was to tackle the two *principal distortions* of the country's economic system. In the first place, the public sector borrowing requirement, which according to the Treasury Minister had grown like the tentacles of an insatiable octopus, was to be reduced. In unchanged circumstances, the PSBR, which had grown over the years to meet the expanding costs of a chaotic pensions system and the *deficits of local authorities and* state sector industrial conglomerates, would grow to as much as L43,720bn this year, or the equivalent of 18.2 per cent of gross domestic product.

The other key feature of the plan stressed the need to contain *rising* labour costs by avoiding any real increases in wages, which have steadily increased in real terms during the last few years. Indeed, labour costs, which averaged an annual rate of increase of 8.46 per cent during the 1966-68 period, averaged 18.65 per cent during 1976-78. Against this, the nominal growth of fixed investments has dropped from 20.6 per cent to 16.9 per cent.

While in theory at least all *the country's* political forces endorsed the broad guidelines of the three-year plan, the recent protracted political crisis has effectively put it into cold *storage.* At the same time, the trade unions are showing no signs of moderating wages in the course of the current renewal of an important series of national labour contracts, *involving some* 10m workers both in the private and public sectors.

Last January, according to the most recent official figures, wages for *industrial workers* increased by 15.9 per cent compared with the same month the previous year, against a 12.9 per cent rise in the cost of living. Although this real increase *is* effectively regarded as still *tolerable,* there is nonetheless apprehension over the likely impact of the new three-year national wage contracts as a result of the seemingly inflexible position of the union rank and file.

Against this general background, there are now added anxieties over the possible internal and *international* repercussions of the recent accusations made against the Bank of Italy in connection with judicial inquiries into one of Italy's major chemical groups, Societa Italiana Resine (SIR). The *Bank of Italy* has vigorously denied any irregularities on its part, and the country's leading economists and political personalities have rallied to the *central bank's support and* expressed their "full confidence" in the institution.

Indeed, the Bank of Italy has largely been responsible for Italy's skilful negotiations over the new European Monetary System, in which the lira was granted a wider margin of 6 per cent. Its equally skilful management of monetary policy is in large measure responsible for the spectacular recovery in the country's current balance *over the last two years, and for* the stability of the lira.

While the events of recent weeks are generally regarded as a brutal attack against one of Italy's most respected and independent institutions at a time of renewed political tensions, they could nonetheless have severe repercussions.

With the return of Italy's international credibility and of the presence of the country's *banking system in international* markets, the net short-term overseas indebtedness of Italian commercial banks reached nearly $6bn at the end of January. At the same time, the sensational events of recent weeks could now also jeopardise efforts by the banking system to intervene in the salvage of a series of financially and structurally troubled groups through the setting up of special banking consortia. The failure to launch these rescue operations would have obvious effects on employment.

Despite the seemingly cloudy prospects for the Italian economy in the face of the country's continuing political uncertainties and the delays in introducing a medium-term recovery plan, such a survey would be incomplete if reference was not made to an important and largely underestimated aspect of the economy. This is Italy's so-called "submerged economy" which is claimed to create as many as between 4m and 7m jobs.

While there are clearly no exact figures, at a conservative guess this sector alone, largely made up of the so-called "black" and "double" labour, contributes an additional 10-15 per cent to *the country's total gross domestic* product. The "submerged economy" flourishes principally in that vast network of small and medium-sized industries that are often regarded as the more profitable and versatile end of the economy.

Although this sector of the economy has also been affected by the difficulties of the past few years, when left to its own devices it has fared surprisingly well. It has continued to perform aggressively on export markets and has reached a "modus vivendi" with the labour forces, in contrast to the large industrial conglomerates.

Indeed, small- and medium-sized industries represent the *effective backbone of Italy's* economy. They have even managed *to* resolve, often quietly and unobtrusively, their problems. A case in point is a small boat yard at Donoratico near Leghorn which was recently *going bankrupt and* was taken over by its workers. They formed a co-operative and have now guaranteed the continuity of industrial activity.

Paul Betts

Trade unions

Moderation at stake

FOR THE Italian trade union movement, 1979 is likely to be *one of the most important in* recent years. Most obviously 10m workers from the entire spectrum of industry are in the *process of renegotiating their national contracts* to cover the period until 1981.

The outcome, in sectors ranging from key engineering and *mechanical* companies such as Fiat and Olivetti, to the chemical industry, farm labouring and the crisis-hit national construction industry, will *condition—perhaps more than any* other single factor—the Italian economy's development for the next few years.

At a deeper level, though, there is at stake the whole moderate stance of the unions, *commonly held to have originated* at the 1978 Rome congress of Italy's equivalent of the TUC, the federation of the three major Italian unions, CGIL.

The dilemma of the movement mirrors that of the *Communist party, with which it has* close links, at a political level: of its own "historical compromise," whether to press on with a programme that appears to be *confusing and alienating* much of the rank and file.

The double character of the unions, seeking both to be partner in political dialogue and defenders of the narrow interests of their members (the three big confederated unions have 8.5m registered members), is illustrated clearly by the demands outlined in the first contract platforms to emerge, and above all in the claims of the 1.5m metalworkers, who traditionally set the pattern for Italian pay bargaining rounds.

Metalworkers' leaders are seeking a cut in the working week from 40 hours to between 36 and 38 hours, a *specific shift of* investments towards the Mezzogiorno, the country's depressed south, a greater say in corporate planning (the debate over industrial democracy is growing, somewhat belatedly, in Italy too) and an extra L30,000 (£18) per month during the life of the contract.

This amount may not seem much in comparison with the formidable percentage increases demanded by some British unions, with whom their Italian counterparts are so frequently compared. But, in fact, it is an increase over and above the provisions of the *Scala Mobile* mechanism for automatic wage indexation, which for salaries of up to L400,000 (£240) per month offers 100 per cent protection against increases in the cost of living.

Despite hostility to the *Scala Mobile* from Italy's orthodox economic establishment, on the grounds that it merely builds inflation into the system, the Government has accepted that the device cannot be dropped. That L30,000 therefore is an extra L30,000 in real purchasing power.

This ambiguity has threatened to undermine the three-year economic recovery *programme* of Sig. Filippo Maria Pandolfi, the Treasury Minister, before it was overtaken in January by the Government's collapse. Sig. Pandolfi's *hopes of containing labour cost* expansion rested on what boiled down to an incomes policy, which would ensure no real increase in purchasing power *over the rise in productivity.*

Though that government has been replaced, deadlock remains between the unions and the employers' association, Confindustria. In recent weeks Sig. Guido Carli, the organisation's president, has spelt out time and again his opposition to the calls for higher pay and for industrial democracy. The same hard line has been reflected so *far in the individual sector-by-sector* negotiations.

The absence of an authoritative government to act as go-between in the negotiations, and indeed the near certainty of general elections in June this year, makes it *distinctly* possible that the talks will drag on for some months yet.

This, in turn, confronts the unions with other problems of a more delicate political variety: do they press ahead with large-scale strikes to support their demand, or do they soft-pedal matters for fear of damaging the electoral prospects of the Communists?

The signs are that they will take a careful middle course, with regular strikes but not of great length or intensity. Meanwhile parallel talks with Confindustria have been broken off amid wholesale disagreement over job mobility, unregistered labour and unemployment among the young. The unions evidently hope to secure from individual employers what they would not be able to wring from them collectively.

But the authority of the movement is most starkly challenged by the so-called "autonomi," the smaller independent unions. Their vigorous *action has helped* undermine the whole understanding, however precarious, on which the previous moderate line rested: that the unions would be reasonable in pay, in return for a genuine increase in investments—*above all in the Mezzogiorno* to create new jobs and reduce Italy's current 1.6m-strong army of jobless.

Moderation

Before the Andreotti Government fell, it was evident that labour was taking a tougher approach, proclaiming its dissatisfaction at the measures *proposed by the Pandolfi plan.* Much water has passed under the bridge since Sig. Luciano Lama, the secretary of CGIL, the biggest union, had declared in a *January 1978* newspaper interview that "we accept that the economy will not withstand too many unknown variables," and publicly advocated wage *moderation.*

The autonomi began their campaign *last summer with a* series of wildcat strikes that reduced travelling by air and train in Italy to a lottery for weeks on end. In the autumn came a fresh wave of strikes, over many of which—like those *of hospital workers* which saw troops sent in to keep basic public health services maintained—the main unions had almost no control. The most spectacular strike of all was this February and March, when *hostesses and stewards of* Alitalia and Ati paralysed the country's domestic and international airlines for more than a month.

Italy was offered the spectacle of "battle committees" of militants in seemingly permanent meeting at Fiumicino Airport, Rome, while Ministers and leaders of the official unions went vainly through the *motions of trying to negotiate* a settlement, and Alitalia itself flatly refused to have anything to do with the strikers.

Wildcat industrial action has only heightened the difficulty of the union movement in retaining its credibility, already sorely tried by the inevitable political pressures that were eating away at its unity and cohesion.

At the same time its authority, in fact if not in name, has been reduced by the evident *prosperity of the so-called* "submerged" economy, estimated to account for up to 15 or 20 per cent of the country's total GDP.

The fact that much of the vitality of this sector is due to the lack of a ponderous official union superstructure clearly does nothing to restore the standing of the centralised movement. Its leaders may hold forth against the iniquities of the underground economy, and the poor social protection of *those who gain a living there,* but every sign is that this sector is growing more vigorously than any other.

The main task now for the unions, as their leading spokesman acknowledge, is to win back the trust and *confidence* of the ranks and file. They admit that they have been lured too closely into the embrace of the politicians, particularly at a time of proclaimed "*national unity,*" which sat the Communists *part of the government* majority.

That phase is ending, and it may be that they will adopt a more American stance, keeping clear of too close an involvement. "It's an arduous business for us, being both *independent* and influential," says Sig. Agostino Marianetti, Sig. Lama's deputy. "Whether it can be achieved will depend above all on political developments."

Rupert Cornwell

Politics

Once more on the brink of elections

ITALY IS once again on the brink of a general election, following the collapse of the alliance between the country's two main parties—the Christian Democrats and the Communists, which between them account for more than 70 per cent of the electorate.

With a peculiar sense of dramatic irony, the alliance has broken up practically a year after the death of Sig. Aldo Moro (the one undisputed leader of the Christian Democrat Party), kidnapped and assassinated by extreme left-wing Red Brigade extremists, some 12 months ago.

Indeed, it was Sig. Moro who was perhaps thh emain advocate of that policy of collaboration between the country's two main parties, which, by an equal sense of dramatic irony, came to fruition—on the very day he was kidnapped—with the formation of Sig. Giulio Andreotti's fourth government.

It involved a governing alliance in which the minority Government of Sig. Andreotti was supported in Parliament by the Communists and Socialists, together with the backing of the smaller Republican and Social Democrat Parties.

The alliance enhanced the presence in theh governing process of the Communists, who, since *the inconclusive general election* of June, 1976, had only given their external support to a minority Christian Democrat administration, without actually bringing them directly into government.

Concept

The *fundamental* concept was to enable the formulation of an all-party programme to tackle the country's most pressing economic, social and law and order problems, while laying the basis for a truce between the two main parties.

Yet, as soon as it was formed, this essentially unnatural governing alliance was cracking in the face of renewed hostilities between the Christian Democrats and the Communists. The latter have lately publicly accused the ruling party of breaking the collaboration pact and of no longer following Sig. Moro's policies.

Before pulling out of the Parliamentary majority, the Communists broke ranks and voted against the minority Government on two occasions. First, they voted against the decision of Sig. Andreotti to take Italy immediately into the new European Monetary System, and subsequently voted against the nominations of the new chairmen for the country's largest State corporations.

The Communists have since unambiguously and firmly stated that they could only collaborate in a government of so-called "National Unity" if their members were included in the cabinet. Indeed, at its 15th National Congress in Rome at the end of last month, the party indicated *it* intended pursuing this hard line which would see them opposing any future government n which they were not directly represented.

At the same time, the Christian Democrats have rejected with equal firmness the presence of Communist cabinet ministers. This deadlock has made a new general election inevitable.

However, the Communist Party's hard line and its demands for direct participation in any government of "National *Unity" are also a reflection* of its own internal difficulties. The Communists found the alliance uncomfortable. The party leadership has increasingly come under attack from its left and it has seen, after some 20 years of almost uninterrupted electoral advances, its electoral support decline in regional elections last year. Indeed, since adopting a hard line, the Communists are apparently regaining some electoral ground.

In view of the key Communist Congress at the end of last month, the party—and particularly the leadership—has been seeking to revive its image tarnished by the uncomfortable and generally distasteful alliance with the Christian Democrats.

The party's long-cherished policy of the "compromesso storico," 'or grand alliance of all democratic forces, which would have eventually brought the Communists into government, appears to have failed so far, at least as a result of the intransigent position of the Christian Democrats.

The principal interest in Italy's forthcoming general election lies in whether it will give the Communists grounds for a direct role in government. Above are the leaders of the major parties: left, Sig. Benigno Zacchagnini of the Christian Democrats; right, Sig. Enrico Berlinguer of the Communist Party.

At the same time, the Communist Party's ambiguous position towards the Soviet Union has continued to generate tensions not only between the various Italian left wing parties, but also within the party.

Furthermore, the internal organisation of the party based on the principle of "democratic centralism" has also come under criticism from the party's base, while another worrying sign has been the drop of some 20,000 in the total number of signed-up members, last year. This largely reflects a marked disaffection among students towards the Communist Party, which has at the same time seen new left-wing groupings gain support

Another significant indication of the pressures the Communist Party has been facing during the last few months is the growing difficulties of the trade union leadership to control the union rank and file and the militancy of so-called "autonomous" non-aligned union members.

In a sense, the imminent electoral confrontation has helped to re-unite the party, although the Congress has seemingly strengthened the left and left-of-centre factions of the party. In any event, it has confirmed that the broad policy the party is likely to adopt in coming months will be one of opposition. That is, *of course,* if the long ruling party continues to oppose the direct participation of the country's second largest party in any future government.

Although the Communist Party effectively brought about the collapse of the former governing alliance by pulling out of the Parliamentary majority, the blame equally rests on the Christian Democrats. The death of Sig. Moro left a vacuum at the top of the traditionally faction-torn pary, fuelling internal rivalries, personal jealousies, and ambitions.

At the same time, the apparent electoral decline of the Communists in regional polls last year added weight to the right and centre-of-right of the ruling party, which have always opposed any deal with the Communist Party.

To a large extent, these factions forced Sig. Andreotti last December to take Italy immediately into the European Monetary System, despite the declared opposition of the Communist Party to immediate entry. In turn, this led to the deterioration of relations between the two main parties—at a time of already heavy tensions, and eventually to the final split.

Indeed, in the aftermath of the Moro tragedy, some significant if discreet changes which have been taking place inside the ruling party, have clearly increased the suspicions of the Communists. The balance between the so-called right and left wings of the party has certainly been modified. A year ago, the Christian Democrat leadership was made up of the late Sig. Aldo Moro (the party presiden), Sig. Benigno Zccagnini (the secretary general), and Sig. Giovanni Galloni (deputy secretary general).

They were all identified with the broad policy of collaboration with the Communist Party. But the right-of-centre now dominates with Sig. Flaminio Piccoli and Sig. Carlo Donat Cattin as president and deputy secretary general, respectively. For his part, Sig. Donat Cattin has lately been one of the main critics of the Communists and opposed in no mean terms any agreement which would give the Communists a direct voice in Government.

In any event, in the current trend of possible Christian Democrat electoral advances at the expense of the Communists, the ruling party has no intention of making any significant concessions to the Communists.

Indeed, the ruling party—or at least certain factions within it—have been making overtures to the Socialists and to some of the other smaller parties, to seek an alternative governing alliance in view of the Communist opposition to any compromise excluding them from Government.

In this respect, the Socialists, Italy's third largest party, holds the crucial balance between the two main parties. However, in recent months, the strategy of the Socialists has been somewhat ambiguous. On the one hand, they have rejected any return to the old centre-left formula with the Christian Democrats. On the other, they appear reluctant (despite their public declarations) to advance concretely the concept of an alternative left governing alliance with the Communists.

The party, after its disastrous performance in hte June, 1976, general election, has been attempting to revive its image and recover the electoral ground lost. Over the last 12 months, while criticising on the surface at least the ruling party, it has sought to erode votes from the Communists by questioning the larger party's philosophies and attacking the concepts of Marxism and Leninism.

However, it has proved a dangerous strategy. It now risks to backfire on the Socialists, who have preferred to go to the polls after the European elections in June. These are generally expected to enhance the party's position in view of the encouraging prospects of the socialist parties as a whole in the European polls.

The main error of the Socialists was perhaps to underestimate the Communists, who clearly were not going to sit back and see their electoral position progressively eroded by both the Christian Democrats, through the old alliance, and the Socialists by their persistent attacks against Communist ideologiesa nd philosophies.

Against this background of political strife, Italy has irreversibly moved towards a general election.

The question, of course, is what happens next? Given some gains by some parties and losses by others, the fundamental picture and balance of forces, however, are unlikely to change dramatically.

The options, at this stage at least, appear broadly to be two. After the electoral confrontation, an agreement could eventually be reached between Communists and Christian Democrats, which would inevitably enhance the Communist Party's presence in government. Sig. Enrico Berlinguer, the Communist Secretary General, hinted at this in his lengthy opening address at his party's recent Congress by reiterating his commitment to a policy of full co-operation between Communists, Socialists and Christian Democrats.

Sig. Giulio Andreotti, the Christian Democrat Leader, also indicated that without the co-operation of the Communists, whatever the election result, it was difficuly to give the country a stable government.

The alternative would be an alliance, modelled on the old centre-left formula, which would see the Communists in opposition and a coalition of Christian Democrats, Socialists and some of the country's other smaller parties. At this stage, it is difficult to see how the cards will fall and which of the two main parties will be the first to ease its present intransigent stand. In any case, the situation will only become clearer after elections.

Paul Betts

Banking

A new-found confidence

NOTHING PERHAPS illustrates more graphically the attractiveness of Italy as a banking centre than the number of foreign banks queueing up to establish representative offices and branches in the country. In many ways it has all the necessary prerequisitions. Italians are by nature keen savers, and the lack of a worthwhile stock market and outlets for risk capital, and the difficulty of exporting capital, mean that they have little choice but to put their money *in bank accounts*.

The so-called "Italian risk"—that shorthand phrase for the threat of a political/economic breakdown—now looks more remote than for a long time. Italy is repaying and rescheduling official foreign debt in considerable quantities, and the outstanding foreign debt of the central bank dropped last year from $5.5bn to $1.5bn. In the opposite direction, commercial banks, taking advantage of the new world confidence in Italy, stepped up their external indebtedness to $5.6bn at the end of 1978 from under $500m two years previously.

The political crisis notwithstanding, State corporations are once more tapping the Euromarkets, while the balance of payments registered a record surplus of L6,900bn ($8bn) last year. This sound external position seems to have survived *at least the first stages* of the fairly vigorous economic recovery Italy is currently experiencing, and the accompanying pick-up in loan demand.

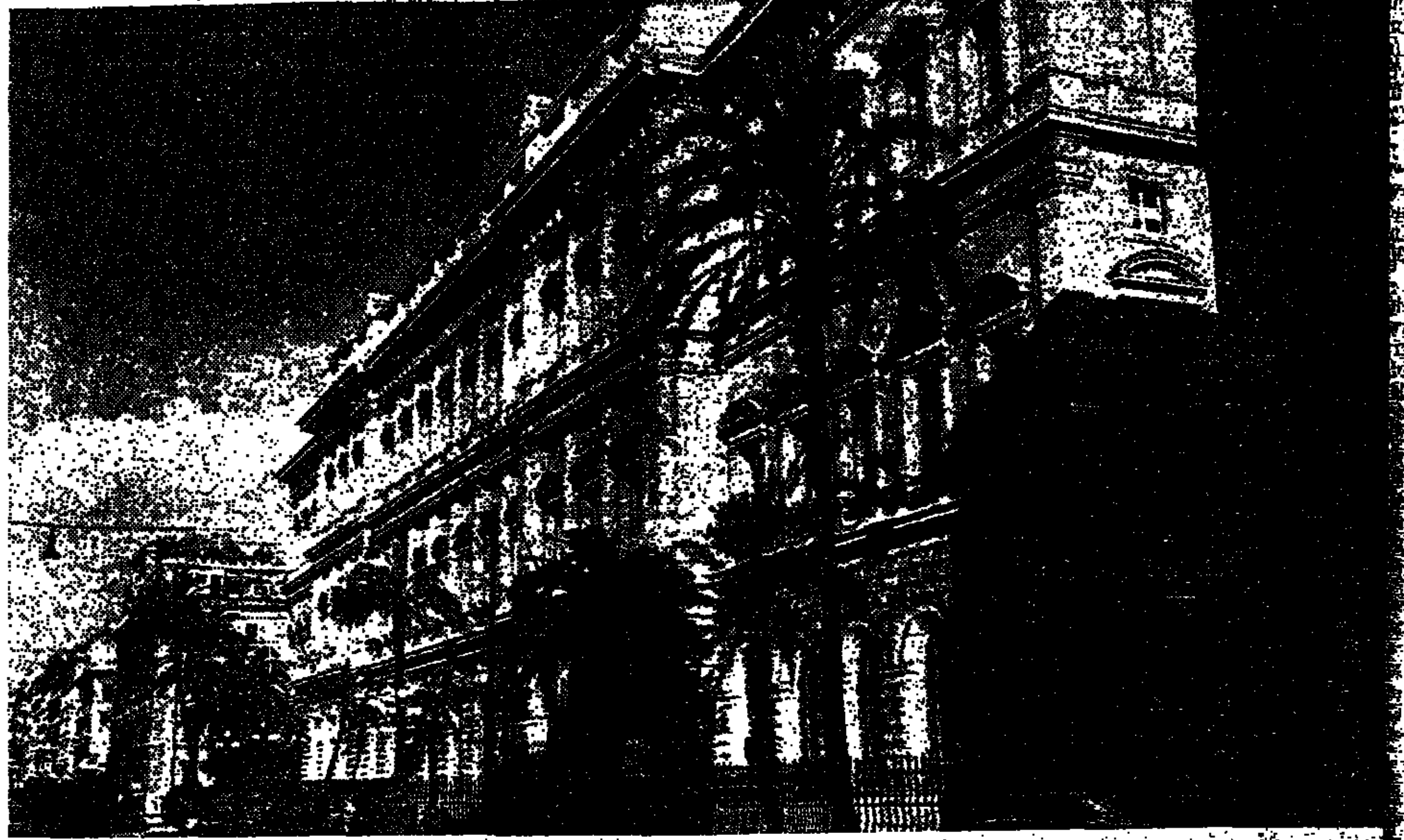
Knocking

It is not surprising, therefore, that the foreign banks are knocking at the door. In February Barclays reopened a branch in Rome after an absence of 28 years, proclaiming its intention of competing for business from the major publicly owned corporations. Not least of its advantages is access to considerable euromarket finance, often at rates rather cheaper than on the Italian domestic capital market.

The arrival of four foreign banks in Milan in 1978 pushed the total to 16, with a further six reported in February to have made similar applications. Italy has been dubbed a "*banking Eldorado*," not without reason. Unlike the Italian banks, mainly State-controlled and hemmed in by a variety of restrictions and obligations, the newcomers can concentrate on the "wholesale" *end of the banking business*, by largely ignoring "retail" activities like personal accounts, they can keep down costs by streamlining staff needs. Not surprisingly, local banks, unused to such competition, are showing signs of concern, for all the natural protestations of the foreigners that they will abide by the rules of the game. Not all Italian institutions have reacted with the vigour of Turin's Istituto Bancario San Paolo, which has carried the battle into enemy territory by opening a branch in Frankfurt in West Germany.

A large part of the uncertainty of the Italian banks stems from the ambiguity of their position. In part, they are fully fledged competitors for deposits and active internationally, in part under strong pressure from the Government to play a prominent role in the rescue of certain "*lame ducks*," particularly in the chemical sector, which litter Italy's industrial landscape.

"It is not for the banks," Dr. Paolo Baffi, governor of the central bank, has declared, "to solve industrial problems any more than it is for the Bank of Italy to carry out industrial policy." Credito Italiano, one of the "Big Three" banks directly controlled by Istituto *per la Ricostruzione Industriale* (IRI), the State holding company, appealed in similar terms in its 1978 annual report: "Banking has always meant one thing—granting credit to creditworthy companies."



The Bank of Italy office in Rome.

It is *thus easy* to understand why there has been such difficulty in putting together a banking consortium for the Sir chemical group, one of the worst-hit enterprises, with estimated debts of L3,000bn, and the *enduring, if less* dramatic, problems of the Liquichimica group.

Difficulties

If there is a measure of rough justice in the idea of banking consortia, given that continuing high interest rates have contributed to the acute financial difficulties of some groups, the banks are entitled to ask why they should entangle themselves still further—with risky consequences — in ventures which are patently unviable. Their doubts are all the more understandable in that by law *they are barred* (with the exception of a few specialised medium-term credit bodies like the State-controlled Mediobanca and Imi) from the sort of investment or merchant banking functions of their counterparts in France or West Germany.

The banking system is also profoundly influenced by the chaotic structure of State spending in Italy. The insatiable and inflationary borrowing appetite of the Government (its deficit this year, for all attempts to reduce it, will remain around L35,000bn) has meant that high interest rates are a permanent fixture in *Italy. As in Britain, small* viable companies are often exposed to the risk of being "squeezed out" of the capital market, and constantly hampered by the high cost of credit. It should be stated, though, that recently the liquidity of the banking system has meant that the short-term interbank money rate has dropped to around 11 per cent, well below the notional prime rate of 15 per cent for top-class borrowers.

High interest rates of course do no harm to bank profits. The biggest of them remain one of the few components of the public sector to be in the black, with an estimated 1,300 credit and savings institutions of all kinds, possessing some 13,000 branches scattered over the country, Italy is often said to *be overbanked*. Bank employees have an average annual salary the equivalent of $18,000, around double comparable earnings in industry. And as anyone who has witnessed the small army of clerks involved *in even the simplest of operations* like cashing a cheque can confirm, overstaffing is endemic.

The first of the 1978 crop of results fully bears out the bumper conditions enjoyed by the banks last year. Banco di Roma, for example, which has had its troubles in the past, reported a 30 per cent rise in deposits and a 60 per cent jump in net profit to L10.9bn. Credito Italiano, another of the "Big Three," announced last month a similar leap to L14bn from L8.4bn in 1977, although its total deposits climbed by a more modest 10 per cent.

For the moment the position of the commercial banks as collectors of savings looks unassailable. The lira is comparatively strong, and tight regulations and some malodorous banking scandals in Switzerland have helped staunch the traditional flow of *funk money across Italy's* northern border. The stock exchange, despite a useful recovery since the start of 1979, meanwhile remains utterly marginal.

Countless plans have been drawn up *for its overhaul*, including one by the Communists. But the Milan Bourse is still a paradise for insider trading and a jungle for the outsider. It is estimated that only 20 per cent of share transactions are channelled through it, so unrealistically low have prices fallen after years of atrophy. The deal by which Fiat sold 9.6 per cent of its equity to Libya valued the company's shares at L6,000 apiece, more than three times the then Milan Bourse price.

Only 162 companies are *quoted (just one of them* foreign), even though, brokers claim, a further 1,000 might be were conditions more appealing. Matters are made worse by the very high yield offered by Government bonds, which share yields can hardly hope to match. The result is that Wall Street trades in a day and a-half what Milan manages in a year.

A case to illustrate the basic difficulty is the manoeuvring *now under way to reorganise* the empire of Sig. Carlo Pesenti, the Bergamo-based financier whose holdings include some of the biggest private banks in the country. Shares in Italcementi, his master company, *have gone up* and down like a yo-yo amid the most exotic speculation, never confirmed, never denied, over his exact intentions.

Sig. Presenti was, however, responsible for one of the biggest developments in the Italian banking world in the past 12 months—the $280m *sale of Credito Commerciale*, which he owned, to Monte dei Paschi di Siena, the State-controlled bank. This expansion of the public sector was opposed by Communists and Socialists on the Left, but eagerly backed by the Christian Democrats, who held a majority on the Siena bank's board. Such are the political oddities of Italian banking life.

R.G.

Trading in progress on the floor of the Milan Stock Exchange.

Agriculture

Paying for neglect

A sheep farm in the province of Pavia in Northern Italy.

LAST YEAR, after two years of slump, Italy's agricultural output showed a slight upturn in absolute terms. Yet it continued to fall, as it has for years, with respect to the production in the rest of the Common Market.

At the end of the second world war, Italy was a net exporter of food. Today it is a net importer, and its deficit is increasing — 6,000bn in 1978, 900bn more than in 1977.

This is partly the result of developments common to recently industrialised countries. According to the Ministry of Agriculture, Italy's population has increased by 20 per cent in the past 30 years and its consumption of food by 400 per cent. Before the war the great mass of Italians ate little or no meat; now it forms a standard part of the diet. Not surprisingly, the greatest single agricultural import is meat. But food exports have not risen sufficiently to counteract this, and in the confines of the EEC farm produce has a limited outlet. Today the country that used to be called the "Garden of Europe" has a food deficit second only to its oil deficit.

Food subsidies from the Community tend to benefit the high-efficiency farmers of Northern Europe rather than the peasant agriculture of much of Italy. Italy, despite its extremely large agricultural sector — 10 per cent of GNP, and 15 per cent (including underemployment) of the active population — is second only to Britain as a net contributor to the funds of the Common Agricultural Policy.

Italy, in short, has an agricultural problem despite advances in some sectors in recent years. Partly, this is a question of geography. Much of Italy is mountain and hill, and has very poor soil by any standards. If Northern Italy, the great plain of the River Po, covered the entire country, there would be no problem. But the peninsula is a different matter, especially the arid limestone and clay hinterlands of the South. This does not explain everything—Swiss farming is profitably adapted to its geography after all—but it has increased the difficulties of launching a modern agriculture.

The classic problems, though, are those of planning and investment, and these also reach their extreme in the South. The Italian state has yet to confront them in an adequate manner. Until the mid-1960s, when the food deficit began to rise alarmingly, governments had emphasised industrial development at the expense of agriculture. With some exceptions, agriculture still tends to become profitable only after industry moves in (for example, to transform agricultural products), and few of the profits are recycled into the agricuultural sector itself.

Italy's agrarain landscape is justly famous: the mixture of treecrops (such as olives and fruit), vines and, dispersed between them, cereals (as in Tuscany and North and Central Italy) or the more differentiated fields of corn and vinewards, intermingled with pasture (in the Appenines). For the needs of modern Italy, however, they are too inefficient, and all too often, particularly in the South, they represent generations of rural misery.

But to change them requires planning, an enormous amount of determination and sizeable investment. Peasants have been traditionally reluctant to uproot their lifestyle in favour of an uncertain future that they are told about by experts, and the problem of attitudes is another that the Italians have to confront.

In the north-east, the rich region of the Veneto, agriculture has always been relatively sophisticated, and recent entrepreneurship has kept it up to the standards of the most profitable parts of Europe. In Tuscany, during the last decade the old landscape has begun to be destroyed in favour of single-culture cash-cropping, particularly of vines and fruit. Here cultivators are beginning to make use of the potential of 20th century agricultural techniques.

In the South though, in Calabria or Molise, a peasant may buy a low-cost new tractor and plough up his land, but he rarely exploits the full potential of technology; he often has no access to it, and on his own cannot afford it.

Traditions of agrarian solidarity in central and northern Italy have given rise to peasant co-operatives which can afford investment in new methods. Furthermore, in the traditionally left-wing regions of Emilia-Romagna, Tuscany and Umbria communal and provincial governments have been prepared to make substantial contributions to agrarian improvement, and the new regional governments do the same.

Unspent

In the South this rarely occurs; Sardinia, for instance, has billions of unspent lire. Much of the South has always been a zone of independent distrustful peasantry, unwilling to co-operate with each other, preferring to rely on patronage form above; the land reform of the early 1950s tended to strengthen this attitude. If in Romagna a co-operative will buy a large efficient tractor, in Molise each farmer will have his own small tractor, too small to plough uphill (and ploughing downhill only contributes to erosion).

A national fund to help the South, the Cassa per il Mezzegiorno, has existed for decades, but it has not seen its role as promoting the details of small-scale agrarian improvement. The Cassa has constructed roads, prestigious factories (often, as in Gioia Tauro in Calabria, on prime agricultural land), and it has subsidised tractors too, but the micro-structure of agriculture has been neglected. It is still seen more by the peasants as a provider of lump subsidies(in return for political support) than as a financial aid to specific development plans.

The anomalies of Italian agriculture are many. Agricultural land is still being converted to viticulture, but Italy cannot sell the wine it produces. Italy imports more and more meat, but stock-raising has actually fallen over the past 50 years as the coastlands traditionally used for summer grazing has been reclaimed for agriculture

Against this background, the political parties now all agree that planning can no longer be avoided. A lew passed at the end of 1977 provides the basis for Italy's first overall agricultural plan since World War II, but details are still lacking for two of the most important sectors: stock raising and fruit growing. Two other laws passed last year are aimed at promoting co-operation among farmers at market level and putting to agricultural use land that is now lying fallow. There is much scope for development, and individual success stories, particularly in the North, are many, but agriculture has become "too important to be left to the agriculturists."

Christine Lord

Trade

An amazing recovery

ITALY'S EXPORTS grew in volume by more than 10 per cent in 1978, an astonishing performance for a country which only a few years ago was reeling under the weight of higher oil prices and widely regarded as the "*sick man*" *of Europe*. This boom is the result of both *the flexibility and innovative* capacity of Italian companies *and the conscientious efforts by* the Government to help exporters win new markets, particularly among the oil exporting nations.

It helped raise Italy's share of world export markets for the fourth year running. It brought the trade account almost into balance and boosted the current account into a surplus of around $6bn. Exports also helped to maintain business activity within Italy at a time when domestic demand was rather sluggish.

Official trade figures for the whole of 1978 show a deficit of just over $400m, sharply reduced from the 1977 deficit of nearly $3bn. Oil was still Italy's main import item, costing around $8.8bn, but stable oil prices and the weakness of the dollar meant that the net cost of oil imports in lire actually diminished slightly from the previous year, while the trade surplus on other products bounded strongly ahead.

Much of the credit for this performance must go to Italy's Foreign Trade Minister of nearly three years' standing (until the recent change of government), Sig. Rinaldo Ossola. A former Director-General at the Bank of Italy, Sig. Ossola has been an indefatigable traveller in quest of new outlets for Italian goods, visiting 31 countries all over the world.

Operating under commercial guise almost as an unofficial Foreign Minister, Sig. Ossola *recently became the first* Italian Government Minister to visit Albania since the last war. He has also been the first Italian Minister to visit East Germany, where he set in motion negotiations for a $500m trade credit to finance purchases by that country of plants to be built by Italian companies, and the first for a decade to visit Czechoslovakia.

Sig. Ossola's recent removal from the Trade Ministry in the formation of a new government has been interpreted as a sacrifice to political party pressures within the Christian Democrat Party ahead of forthcoming elections. *Governments in Italy* come and go, but there is little doubt that his contribution to Italy's foreign trade campaign will not quickly fade away.

Probably most significant, on a long-term basis has been Sig. *Ossolas reorganisation of* Italy's export credit guarantee system in order more adequately to service Italian exporters in their fight for foreign markets.

The Ossola "Law" as this package of measures has been dubbed, introduced *for the* first time Government insurance for short-term export credits and widened the range of insurable risks. These now include nationalisation of the importer and of Italian investments abroad, and failure of the buyer to take delivery of goods for a variety of reasons. Last year official credit covered 10 per cent of Italian exports, and within a few years, official support for Italian exports should be brought closer to the levels of Italy's major competitors, which average over 20 per cent.

A *rotating* ceiling of L5,000bn (nearly $6bn) has been set for *short-term credit insurance*, while annual ceilings are set in the *Government budget* for insurance of medium-term risks. *For 1979 this ceiling has been* set at L3,500bn, but Sig. Ossola has expressed hopes that it can be raised to L4,500bn in order to give extra support to Italian exports of industrial plant and capital goods.

A glance at the geographical distribution of export credit insurance business in 1978 underlines Italy's efforts to win trade with the oil countries and Eastern Europe. Out of L3,516bn *of medium-term credits insured* last year, L1,465bn were credits to open countries. A further L1,137bn covered export credits to centrally planned economies and L890bn were credits to developing countries excluding OPEC members. Of the L1,171bn of short-term credits insured *last year*, L926bn covered exports to OPEC countries.

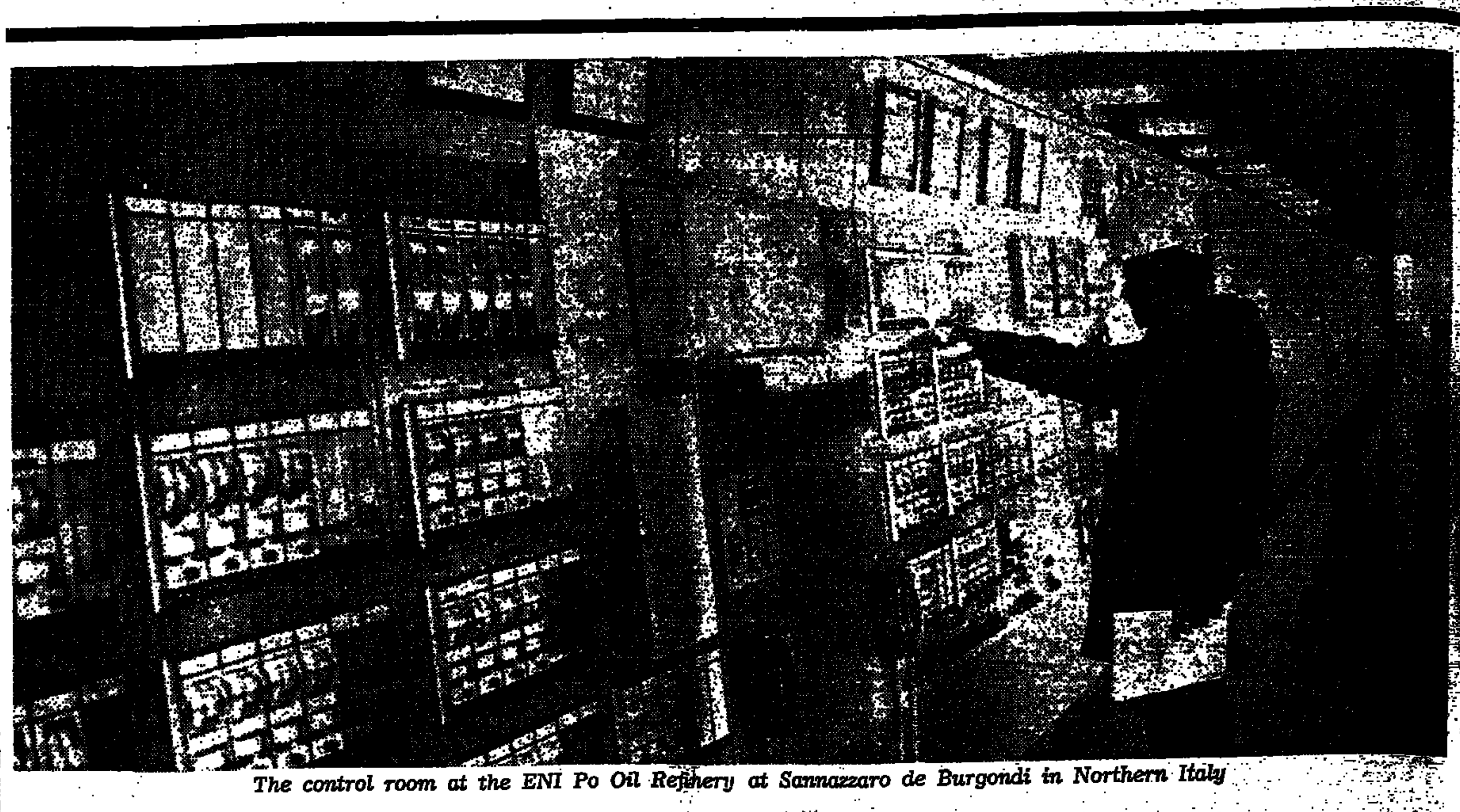
Overall, the OPEC countries took 51 per cent of official Italian export credit insurance last year and the centrally planned economies 25 per cent, with Iran, Algeria, the Soviet Union and Poland among the biggest single beneficiaries. Since late last year Italy has temporarily suspended new insurance business with Iran where the State export credit insurance agency SACE has an exposure of around L1,200bn. But while there has been concern about the future of some Italian contracts in Iran, trade officials express confidence that major projects like a port and steel-works at Bandar Abbas in southern Iran involving Italian groups will go ahead.

Poland and the Soviet Union have been eager customers for Italy, and the Soviet Union recently put forward a request for new trade credits to supplement substantial existing facilities which have already been fully utilised. Concern over the high overall foreign debt of East European countries, estimated at around $50bn, may tend in the future to slow down the growth of official credits to these countries.

But Italy, like other Western *industrial nations, nurses high* hopes of increasing trade with China, where a number of major companies like Fiat, Montedison and ENI are negotiating for contracts. To help their chances the Italian Government recently agreed to extend to China a $1bn trade credit, details of which are on the point of being finalised.

An upturn in the domestic economy and higher oil prices are likely to cut into the trade balance this year, but the overall trade outlook remains positive. According to recent official forecasts, exports could grow by more than five per cent in volume this year, maintaining their role as a major factor in economic growth.

By a Correspondent



The control room at the ENI Po Oil Refinery at Sannazzaro de Burgondi in Northern Italy

The public sector

Living down scandals

THE TWO biggest state corporations, IRI and ENI, have been given new chairmen at a time when the image of the public sector has seldom been so low. A formidable task faces Signor Pietro Sette, who moved across from ENI to head IRI after the 18-year chairmanship of Professor Giuseppe Petrilli, and his successor at ENI, Sig. Giorgio Mazzanti.

An unwelcome light on some of the state sector's lesser publicised activities is cast by the series of scandals that have been emerging after 30 years of uninterrupted Christian Democrat rule. Once the Italian state public ownership formula (which allowed managers in theory to operate as competitively as their private enterprise counterparts and which admitted private alongside public shareholdings), was held up as an enlightened method of applying modern management techniques to the achievement of government strategies. Now it is difficult to find anyone with a good word to say for it. Even Senator Cesare Merzagora, the respected ex-president of the Senate, who is chairman of the Assicurazioni Generali insurance group, wrote in a recent letter to a newspaper of state sector firms "manipulating black funds through continuous falsification of accounts."

Years of political mismanagement and interference have left *their mark on profit and loss* accounts, often when private competitiors in the same fields have remained profitable. An analysis in the Milan Corriere Della Sera estimated that the net losses in 1977 and 1978 of IRI, ENI and EFIM (a smaller conglomerate active in the aluminium, mechanical, food and tourism sectors) amounted to L1,200bn or about £700m. It put their indebtedness at L25,100bn (about £14.7bn), or over 12 per cent of gross national product. In 1976, the latest year for which statistics were available, the companies in these groups, employing over 600,000 people, recorded combined turnover of about L26,000bn (£15.3bn).

There used to be a fourth conglomerate, EGAM, operating principally in the special steels, mining and textile machinery sectors. Its mismanagement was so blatant that the Government ordered the liquidation of its headquarters in 1977, and its lossmaking subsidiaries were divided up between IRI and ENI.

Another state holding corporation, GEPI, falls into a different category. It too makes losses, but it was formed specifically to nurse ailing companies back to recovery, so even if its achievements have fallen short of expectation, the same criteria for profitability and efficiency do not apply.

The picture, however, is not uniformly negative. Under the IRI umbrella come big banks like Banca Commerciale Italiana and Credito Italiano. Profitable, well run, and with international reputations. A third, Banco di Roma, is recovering from involvement in the heritage left by the financier Sig. Michele Sindona, who is fighting charges in the courts of both the United States and Italy.

The ENI group has managed to retain a reputation for professional competence, and some operational subsidiaries are among the top companies in the world in their sector, such as Snamprogetti and Salpem in consultancy, plant construction and engineering for the petroleum industry. ENI, however, also has its weak points, notably its troubled chemical and textile subsidiaries, while certain transactions by a financial subsidiary have come under examination by magistrates investigating the scandal at Italcasse (the central institute of savings banks).

The champions of the state sector claim that poor performance is often excused by special circumstances outside their control. A large share of IRI's losses, for example, come from steel, shipbuilding and shipping (under the Finsider, Fincantieri and Finmare holding groups respectively), all of them in a state of international crisis. Even so, the state can be criticised for continuing to operate passenger liner services with Finmare companies *for years after other shipping lines* had given them up.

Like other western groups, IRI companies face the prospect of losses in Iran, where they were engaged on large contracts, such as the Bandar Abbas steel and port complex. The nuclear engineering side has not secured expected orders because of Government failure to implement the nuclear power programme. Alitalia may be forced into the red again this year because of an unexpected outbreak of strikes. STET, which is a telecommunications and electronics group should be one of IRI's more promisinging areas, complains of being starved of profits because the Government refuses to accept its application for higher telephone rates.

Failure

On the other hand, public sector groups have failed in their task when private sector rivals are profitable. In motor cars, Fiat's profits have been matched by a stream of losses from Alfa Romeo, burdened by its ill-managed Alfa Sud venture into the Mezzogiorno. In food and confectionary Unidal—a merger undertaken by IRI between Motta and Alemagna—has a lamentable record when compared with private concerns like Ferrero or Industrie Buitoni Perugina.

All together, the results of the public sector are a dismal testimonial to what, when it is not Government mishandling, is at best an absence of Government strategy. Gioia Tauro is a case in point. In the early 1970s, when the expansion of the big Italsider steelworks at Taranto was still thought to leave some spare demand for steel, the government of the day decided on a fifth integrated steel complex at Gioia Tauro on the coast of Calabria. This was a rich agricultural area, far from industrial centres. For political reasons, the plant was to be located there to create employment and assuage the discontent which had erupted in the Reggio Calabria riots of 1970. In the event, the post-1973 difficulties confirmed, as many had forecast all along, that the complex had no chance of being viable, and it was first scaled down and then abandoned, although work had gone ahead on building a port.

On the level of personalities, an example of political interference was the imposition on IRI in 1968 of Sig. Camillo Crociani, a one time dealer in surplus military equipment. Head first of Finmare and then of the Finmeccanica engineering group, he fled abroad to *avoid appearing in the Lockheed corruption trial, in which* he received a 28 months prison sentence.

The *public sector companies* were the tools used by the Government in its policy of industrialising the Mezzogiorno with eye-catching white elephants, the so-called "cathedrals in the desert"— cathedrals without congregations of local entrepreneurs, of markets, or efficient credit structures. Many of these ventures stood little chance of profitability, even with the generous incentives which were offered for Mezzogiorno investment and which, it is now frequently alleged, mainly benefited operators from the North.

The merit, if such it can be called, of Government policies has been to preserve jobs in the public sector in times of economic difficulty. Layoffs, difficult enough for private companies, have been virtually impossible in the state sector. There has inevitably been a negative effect on efficiency, rationalisation and profits.

It has proved to be a system without the advantages of either the capitalist or the socialist worlds. Government has impeded the market forces of the former without providing the planning of the latter. It is hardly surprising that the Communist Party does not wish to enlarge the public sector if it comes to power, concentrating instead *on making* it operate more in accordance with its concepts of efficiency and social justice.

The three-year plan issued by the Government this winter, if it goes through, foresees grants to the state corporations of L7,000bn (£4.1bn) in 1979-81. It is to be hoped that these funds do not go down a bottomless pit. The new leadership at IRI and ENI faces the challenge of ensuring that the taxpayer gets better value than hitherto for his money, and the community better value for its tolerance.

John E[illegible]

Energy

Vulnerable position

ITALY, AS the Iranian revolution has underlined, is one of the most vulnerable and least prepared among Western nations to face the threat of an energy crisis. Nearly 70 per cent of its energy requirements are met by oil, against 14 per cent by natural gas, 9 per cent by hydro-geothermal and nuclear sources combined, and 7 per cent by solid fuels.

Nearly all the oil has to be imported, domestic production being a mere 1.5m tonnes out of a projected 1979 requirement of 103.6m tonnes. Fortunately domestic output of natural gas is substantial, bringing overall dependence on foreign hydrocarbons down to about 83 per cent. For oil, the Middle East is the chief supplier, providing 80 per cent of imports—25 per cent alone from Saudi Arabia, whose political stability is thus of greater interest to Italy than that of Iran.

Uncertainties

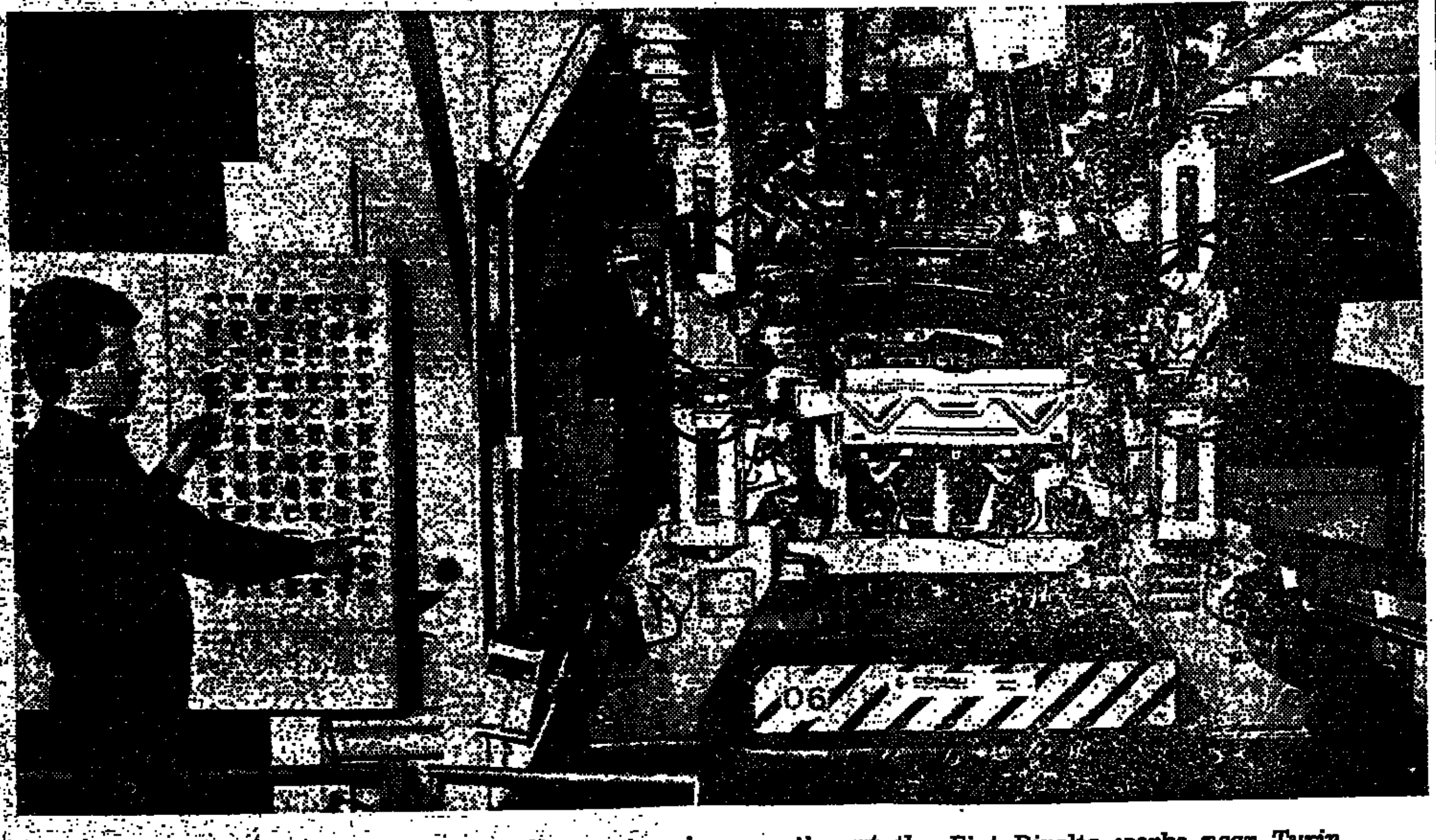
In addition to uncertainties over oil supplies and prices, the availability of electricity has for some time been arousing anxiety. Delays in the building of both nuclear and conventional power stations have raised the likelihood, unknown to most Italians, of electricity blackouts and rationing.

The Iranian cut-off came at an awkward moment. Sig. Giulio Andreotti's Government had resigned. The heads of the State Hydro-Carbons corporation ENI and of the National Electricity Board Enel had just been changed, and the new chairmen had not had time to draw up their policies for the future. The country has, admittedly, a national energy plan approved in December 1977, but it risks being no more than a piece of wishful thinking, largely because of public opposition to the nuclear power programme.

In the circumstances, the authorities reacted quickly enough. In the Government, responsibility for energy lies with the Ministry of Energy, a post held between November and March by Sig. Romano Prodi, a 39-year-old professor from Bologna University and former graduate of the London School of Economics. Even before the Iranian events Sig. Prodi had appointed a commission of five leading public servants and academics — dubbed the Five Wise Men— to investigate the economic outlook with special reference to energy supplies. Sig. Giorgio Mazzanti, the new chairman of ENI, paid quick visits to Iraq and Iran to discuss ENI's future supplies and economic collaboration. Unlike Britain and the U.S., the Government was foresighted enough not to voice support publicly for the Shah. This, coupled with the memories left by ENI's founder, the late Enrico Mattei, of his support for the Mossadeq régime's fight with the international oil companies, enabled Italians to avoid being the object of anti-Western feeling.

On taking stock this spring, it appeared that any oil shortage would be less serious than at first feared. ENI was able to increase supplies from other countries, and the authorities hoped, by pinching and scraping, to save up to 5 per cent on consumption as recommended by the International Energy Agency. It was impossible, however, to know what the ultimate extra cost would be of the rising petroleum

CONTINUED ON NEXT PAGE



The new Robogate automatic welding system in operation at the Fiat Rivalta works near Turin.

Industry

Outlook improved

THE ITALIAN business climate has improved over the past 12 months but the outlook is still uncertain. An export-led recovery has dispelled much of the gloom from boardrooms and the stock exchange. A growth rate of 5 per cent is being forecast for the economy this year. But industrialists are still far from happy.

First, there is the threat of a resurgence of inflation, and the risk that this will oblige the Bank of Italy to resort to stop-go policies in the absence of an effective government until elections have taken place. The central bank could be forced to put the clamps on credit, through high interest rates and a credit squeeze, to protect the lira against an upsurge in consumption and inflation.

Secondly, industry is locked in important negotiations with the unions which promise to be lengthy and difficult. Against a background of high unemployment, the negotiations are made all the more complex by the fact that the union leadership is itself fighting to retain the upper hand in the face of a discontented rank and file. Not only has high unemployment led to a soul-searching reappraisal of past policies which have hitherto placed the main emphasis on pay increases independently of their effect on the rest of the economy. The National Union Federation is also facing a growing challenge from autonomous groupings which make no bones about defending their members' interests heedless of the national good.

Faced with conflicting demands, the National Union leadership has had to moderate its pay claims and call instead for policies to raise employment and productive investment, particularly in southern Italy. But the number of jobs in industry has in fact tended to decline in the past few years, at a rate of around ½ per cent a year, and a further overall reduction is forecast for 1979.

The unions are pushing for cuts in working hours as one way of creating more jobs. They also want more information about company planning and decision-taking and it is this in particular that sticks in the throats of many entrepreneurs. Employers have stated categorically that in their opinion shorter working hours would simply add to production costs without necessarily leading to higher employment. The issue of increased union interference in company affairs is particularly offensive to Italy's medium and small companies, forming the flexible backbone of the Italian economy which have traditionally enjoyed considerable freedom in the way they run their affairs. It is effectively these companies whose versatility and imagination have contributed to Italy's buoyant trade performance.

Reorganised

While high interest rates continue to weigh on industry's finances and discourage investment, a number of companies have successfully reorganised their balance sheets by switching heavy short-term debts into medium-term loans. A notable example of financial reorganisation of this sort is to be seen at Olivetti, the computer and office equipment group, under the management of its vice-chairman of a year's standing, Sig. Carlo de Benedetti.

Last year the group carried out its first capital increase for 17 years with a rights issue of L40bn ($47m). The issue met with such strong demand that several major shareholders were unable to take up their portion of new shares. As a result, Olivetti is now going ahead with a second, even bigger operation, to double capital to L200bn with a rights and convertible bond issue. At the same time the company has shifted most of its short-term debt on to a medium-term basis.

But another key element in Sig. de Benedetti's plans for restoring the Olivetti group to financial health has caused consternation among the unions. The group has made clear that it has around 3,500 employees more than it needs in Italy. This is the result of the change-over from manual operations to electronic technology in its factories, which has made many workers superfluous. Understandably, the unions are loth to see jobs being lost in the present climate of economic uncertainty.

At the Fiat group, plans to spend around $650m on productive investments in southern Italy between now and 1981 will create an estimated 5,835 new jobs. One of the main projects is a new plant at Valle di Sangro in Abruzzi to build light commercial vehicles, in which Fiat plans to link up with Peugeot of France.

This plant would involve an investment of around $250m and would employ 3,000. Even here, union reaction has been restrained. There are more than 1m unemployed in southern Italy, and the Fiat projects are just a drop in the ocean compared to what is needed.

The dull economic situation last year affected the results of the Fiat group's main sectors of activity. Only an intensive effort to introduce new products, strengthen the sales network and improve efficiency allowed Fiat to maintain overall profit at around the 1977 level. Car sales are expected to consolidate the recovery in 1979. But with a 15 per cent increase in hourly wage costs weighing on the company's 1978 balance sheet, Fiat is in no hurry to see labour costs further increased by shorter working hours.

Financial difficulties are still dogging another of Italy's biggest private industrial groups, the Montedison chemicals group. Montedison made another heavy loss in 1978, and despite a recent improvement in sales the outlook for 1979 is still far from rosy. The company has still found no solution to the problems of its synthetic fibres subsidiary Montefibre. Plans for merging this company with the synthetic fibres activity of Snia Viscosa, in which Montedison has a controlling stake, have been shelved because of union opposition to the redudancies they would have entailed. Saudi Arabian investors recently took a 10 per cent stake in Montedison, in the context of a long-awaited capital increase. But how soon they will get a return on their investment is not yet clear.

Even more serious is the situation elsewhere in the chemicals industry, at Sir and Liquichimica. Weighed down as they are by heavy debts, the future of these two groups is clouded with uncertainty. Bastogi, Italy's oldest holding company, has taken a leading role in trying to get Liquichimica's industrial activities back into operation. Bastogi hopes eventually to obtain payment of L60bn it is owed for construction by its subsidiary CTIP of a petrochemicals plant for Liquichimica in Calabria. But so far only one of Liquichimica's plants is back in operation, after a prolonged closure caused by the group's financial straits. Banks are still trying to find a solution to the problems caused by the inability of both Liquichimica and Sir to pay back their debts, and no easy solution is at hand.

As the debate over the role of banks in the salvage of crisis-striken private industry continues, public attention has now latched on to another long-standing feature of Italian life. This is the "submerged economy" of tax-dodgers, illegal employers and undeclared workers, which has traditionally added an extra degree of flexibility to the national economy. Analysts have estimated that emergence of the submerged economy into the light of day could add appreciably to the officially calculated Gross National Product.

The phenomenon is now being studied by the National Statistics Institute and a number of private econometric institutions. Their findings may turn out to be a double-edged weapon for industry and unions. But for the state, greater transparency of the economy can only be positive. At the very least, it should help the Government increase much needed tax revenues.

By a Correspondent

Vulnerable

CONTINUED FROM PREVIOUS PAGE

prices. Sig. Prodi's immediate estimate was that they would add L1,000bn. to L1,500bn to the deficit side of the balance of payments—a sum which if the increases went no further, could be borne easily enough by the country's large foreign exchange reserves.

For natural gas the outlook is more reassuring and supplies should be available for the next 20 to 25 years at least. About half the 27.25bn. cubic metres consumed in 1978 came from gas-fields at home. From a first discovery in 1944 in the Po Valley, production has switched increasingly in recent years to deposits offshore, particularly in the northern Adriatic. Several new offshore fields are due to come on stream this year in the upper and central Adriatic.

Domestic production is expected to hold steady each year at around 12bn cubic metres, out of recoverable reserves currently estimated at about 200bn cubic metres. Consumption—27.2bn cubic metres last year—is projected to rise to 40bn in 1985, the difference being made up by imports from Holland, Libya, the Soviet Union and Algeria.

Last year the Eni group, which is responsible for the bulk of home and foreign supplies, imported 6.1bn cubic metres from Holland, 5.6bn from the Soviet Union and 2.5bn from Libya. All under 20 year contracts. From the two former countries the gas comes by pipeline, and from Libya in liquefied form by tanker.

By 1985, imports from the Soviet Union should increase to 7bn cubic metres. But the big change in the import pattern will be the receipt of 12bn cubic metres a year from Algeria through the world's deepest undersea methane pipeline, Transmed. A specially designed pipelayer, Castoro Sei, owned by Saipem of the Eni group, will soon start laying in the Sicilian channel, where depths of 550 metres are met in the 160 kilometres between Cap Bon in Tunisia and south-west Sicily. The first gas should start to flow before the end of 1981 under a 25-year agreement lasting up to the year 2006

In recent months interest has also quickened in the search for offshore oil, though no one believes the central Mediterranean can become another North Sea.

Off south-west Sicily Agip of the ENI group is bringing the small oilfield Nilde into production. South of the island Montedison has made what looks like a commercial discovery in its Mila field off Ragusa. In the deeper water of the southern Adriatic Agip reported encouraging shows from its well Rovesti, drilled to a depth of 3,347 metres on a seabed of 955 metres. In the mid-Adriatic Elf (the French group) is reported to be sitting on reserves of over 100m tonnes at Rospo, but the oil is so dense and viscous as to present problems of recovery.

Discovery

There also appears to be promise in neighbouring countries' offshore waters to the immediate south. Agip, under contract to the Libyan National Oil Company, is reported to have discovered a field of at least 500,000 barrels off Tripoli. If Malta succeeds in resolving its median line dispute with Libya, oil experts believe the Medina bank between the two countries is well worth exploring.

For many consumers, however, the immediate pre-occupation derives from the Government's inability to apply its programme for new electric power stations. Public attention has focused on the nuclear issue, but many conventionally fired projects are also well behind schedule.

The national energy plan foresaw eight new nuclear plants of about 1,000-MW each for the mid-eighties, in addition to the four existing plants (three by now antiquated units built in the 1960s totalling 600 MW, plus Caorso on the Po of 850 MW) and to four more of 1,000 MW each ordered in 1974. Of the latter, work has started on twin plants at Montaldo di Castro north of Rome, but strong local opposition has so far prevented construction of the other two in the Molise region of central Italy. Similarly, local feeling will probably block for some time yet the eight new projects (two in Piedmont, two in Lombardy, two in Puglia and two to be located). As Sig. Prodi commented, everyone in Rome is for nuclear energy but everyone in the provinces is against.

Enel has reacted to the crisis with a plant to convert power stations from oil to coal, which at least can be bought from politically more stable areas. Enel's annual coal imports are likely to reach 10m tonnes from only 600,000 four years ago.

Even so, the country faces the prospect of power blackouts and rationing. The new president of Enel, Sir. Francesco Corbellini, said the situation was much more serious than appeared from outside, and forecast that "the electricity energy deficit will explode in a few years, and necessitate rationing of electricity."

Much is written about alternative sources of energy, but a recent Confindustria study warns that, in the short to medium term at least, these can only make a marginal contribution to overall requirements of 1 to 3 per cent. Some geothermal energy is already produced at Larderello in Tuscany, and Agip in conjunction with Enel is engaged on a widespread exploration programme over 3,500 square km of permits. A promising area appears to lie near Puzzuoli, north-west of Naples, where geothermic fluids with a temperature of 250C are reported to have been discovered during drilling at 1,600 metres depth.

Solar energy, particularly for heating, is starting to be used under processes developed by several big groups and also by the co-operative movement. Sig. Umberto Dragone, deputy president of the Left-wing League of Co-operatives, says his movement is building 1,500 apartments with solar heating. The sun is one energy source in abundance in Italy, and a major effort will undoubtedly be made to extend its application. But too much should not be expected too soon.

John Earle

A demonstration by the unemployed in Naples: in spite of heavy investment the unemployment rate in the South remains well above that of the North.

The Mezzogiorno

The problems multiply

DESPITE THREE decades of Government development projects the Mezzogiorno is still Italy's Achilles heel. The social and economic problems of this area—which is the size of Greece and with a population of 20m and more than 1m unemployed, are a crucial element in Italy's complex political chessboard. They are in the forefront of potentially disruptive labour negotiations currently involving Italy's most powerful unions in key sectors of industry. They threaten also to impede Italy's progress towards greater economic stability just when the country has accepted the challenge of a step towards European monetary union within the European Monetary System (EMS).

Wastage, corruption, inefficiency and organised crime have bedevilled past Government attempts to raise living standards in an area which is one of Europe's poorest. Despite the billions of dollars which since the war have been poured into the Mezzogiorno—defined for administrative purposes as including Sicily and Sardinia—average incomes there are still only just over 60 per cent of the national average. In Calabria, Italy's poorest region, they fall to 40 per cent of the national average. If a comparison is made with one of the richest areas of the Common Market, North Germany, the disparity is even more grievous.

In the past the area's inhabitants have sought to escape from economic depression by emigrating to Northern Europe and America, and to the factories of Turin and Milan in Italy's industrial north. But the slow-down in other industrial economies has reversed this trend and in recent years the number of emigrants returning home has actually exceeded the number of Italians leaving to seek their fortune abroad.

Meanwhile the Mezzogiorno's centuries-old isolation has been broken down by construction of modern highways, airports, telecommunications and infrastructure. uBt the industrial revolution which the planners hoped would follow has yet to take place. The Mezzogiorno still lives on subsidies from the State and the Common Market and on the money sent home by the millions of emigrants.

Plight

A few names have become emblematic of the plight of the Mezzogiorno. At Gioia Tauro, an impoverished town in southern Calabria, fertile olive and citrus groves were laid waste in order to build a giant steel plant which was to have given jobs to 7,500. Eight years after the Government made its original promise for the project, all that is to be seen on the site is a gigantic hole in the ground where a port was to be built. Work is going on in a desultory fashion, but the steel market crisis makes it unlikely that the steel plant will ever be built, at least in its original form.

Alfasud, the ultra-modern car plant built by the State-owned Alfa Romeo group at Pomigliano d'Arco outside Naples, is one of the industrial initiatives that have got off the ground. But since the plant opened in 1972 it has run up losses of around $700m. With over 15,000 employees coming from a wide catchment area in which there are few other industrial job opportunities, it would be unthinkable for the Government to allow the loss-making plant to close. But high absenteeism and labour unrest, in an area where industrial employment has existed for too short a time for such a plant to be able to function smoothly, and the despair of management and impose a big question-mark over the plant's future.

In nearby Naples, whose urban poverty is one of Italy's biggest single social and political problems, another State-owned group, Italsider, operates an obsolete steel-works which is losing over $100m a year. The plant, sited on the shore of what was once one of Naples' most charming seaside bays, employs 7,800 and the company has drawn up a $670m plan for its modernisation. But local planning policies and the slow availability of funds have delayed its implementation.

Naples, which with the surrounding region of Campania has an estimated 350,000 unemployed, has become a focal point for sometimes violent demonstrations by the unemployed, organised into vociferous pressure groups. Tension in Naples was heightened this winter when bronchial ailments which might elsewhere have passed unnoticed caused the death of scores of infants in the city's damp and unhygienic slums.

Some industrial successes there have been in southern Italy, but progress continues to be slow. Attaranto, in Puglia, an ultra-modern steelworks also owned by Italsider has succeeded in building up a tissue of entreprencurial activity around it.

But the services se tor provides the main growth for employment in the Mezzogiorno. In 1978 employment levels in southern Italy rose by 80,000, according to calculations by Svimez, a State agency for development of the Mezzogiorno. There were 105,000 new jobs in the services sector, offsetting the reduction of 45,000 jobs in agriculture, and only 20,000 new jobs in industry. This was a better score than in northern Italy, where total employment levels rose by only 10,000 and industrial employment actually dropped by 54,000.

But the unemployment rate in southern Italy remained well above that of the richer north, at 10 per cent compared with 6 per cent in northern Italy. Even more dramatic are the figures for unemployment in the under 30s age group—25 per cent in southern Italy compared with 15 per cent in the north and a national average of 18 per cent.

The unions have called for cuts in working hours to help create new job openings in southern Italy, and a number of major industrial companies including the giant Fiat motor group have set up plants in southern Italy in response to union pressure. But the continuing inadequacy of basic infrastructure still discourages many would-be investors, despite the Government incentives held out to them.

In 1976 industrial investment in the area fell by 12 per cent and in 1977 dropped a further 8.8 per cent. Industrialists have not been slow to point out to union leaders—in an effort to resist demands which employers consider would only lead to higher production costs—that their proposals for shorter working hours would effectively discourage prospective investors even more.

In the face of domestic business hesitancy the Government has done its best to lure foreign investment to the aid of the Mezzogiorno, but so far with only limited success. In the past around $3bn have been invested by more than 200 foreign companies in the Mezzogiorno, but this trend has been in decline since 1974.

Foreign industrialists in the area south of Rome—where the Mezzogiorno, for the purposes of State subsidies, begins—report satisfaction with the way their operations have developed. But they are privileged in being among the best served in southern Italy from the fact of being colse to the metropolis. A general disinclination to invest, which has hit southern Italy despite all official efforts to the contrary, was cited by no less a person than the West German Chancellor Helmut Schmidt, in a recent interview with the Milan newspaper Corriere della Sera.

But despite all this gloom, the Mezzogiorno's future is not totally hopeless. As Fiat chairman Giavanni Agnelli pointed out in a recent conference address, the Mezzogiorno offers a ready workforce and a potentially lucrative consumer market in an area of political and economic stability within the Common Market.

The Mezzogiorno is strategically placed in the centre of the Mediterranean area, within easy reach of the oil-rich nations of the Middle East. Shipping facilities and airports are being developed, like the airport at Lamezia which could eventually develop into a key staging post for intercontinental air traffic. A natural gas pipeline carrying Algerian gas across the Mediterranean to Italy will in a couple of years' time bring an important source of energy and raw materials within easy reach of potential industrial consumers.

The Government has set up specialised agencies, like Insud or Fime, to promote economic expansion through equity participation or leasing agreements. And the area's natural beauty and archaelogical and historical sites offer tremendous potential for tourist development. It is a question of national willpower as to what happens next.

By a Correspondent

The islands

Misguided policy

NEAR THE petrochemical complex of Porto Torres, on the north-western tip of the island of Sardinia, there is a large and striking mural with an inscription in local dialect saying: "Years of autonomy, years of promises, years of lies." It reflects the mood of the island, which like Sicily is constitutionally part of Italy but is also strongly separatist in sentiment, and above all a sense of exasperation over what has perhaps been the most deeply felt historical accident to befall the two islands.

The two islands enjoy a considerable degree of local autonomy, but they are also perhaps poorer than any other *Italian region, although* they account for as much as 12 per cent of the total Italian population. During the last three decades, considerable and often well-meaning efforts have been made to develop the islands, tackle their dire social problems, their archaic structure and the continuing blight of bandits and kidnapping in Sardinia and of the Mafia in Sicily (where it has effectively built up a presence in practically every aspect of the island's economic life).

The historical accident, of course, has been the broad policy of successive Italian governments to base the economic and social development of the islands essentially on heavy industry. Through a combination of generous subsidies and considerable political direction, these governments pushed the country's major state, semi-state and private enterprises—especially the main chemical groups like Montedison, Anic, SIR-Rumianca and Liquichimica—to invest heavily in capital-intentive projects in two small economies which were effectively seeking labour-intensive projects to absorb unemployment levels well above the national average.

In the period 1968-74, the Government planning board approved investment in the chemical sector for the depressed south of the country, including Sicily and Sardinia, for a value of nearly L4,500bn and for the creation of some 33,000 jobs. Although in terms of capital, the employment figure is low, the authorities hoped the chemical industry, which together with steel and telecommunications were chosen to lead the country's industrial transformation, would generate directly and indirectly a considerable number of other jobs.

But the wide network of satellite industries which was to grow around the large chemical and steel complexes never developed on the scale the authorities hoped. Instead, emigration from the islands has continued, mainly towards the industrial north of the country, causing growing social difficulties in major cities such as Milan and Turin.

As the recession followed the energy crisis and the so-called "economic miracle" of the 1960s, so the northern industrial cities and their industries could no longer absorb the continuing inflow of people from the south and the islands. The social strain that has been generated, according to many Italian judicial experts, is one of the main reasons for the growing crime rate, now closely connected with political violence, that has particularly afflicted northern cities during the last few years.

The failure so far of the industrial development of the islands is in part the result of the policies of the regional authorities. Infra structure remains underdeveloped and this has acted as an obstacle to the development of smaller industries, while it has also increased the effective costs of setting up larger projects. Large groups have had to provide most of their essential ancillary services and infrastructure. At the same time, most of the islands' industrial development has been imported, even in the case of the tertiary sector, such as the Aga Khan's tourist complex in the Costa Smeralda in Sardinia.

The current acute problems of the chemical industry, the fruit of a number of factors including the energy crisis, over ambitious and largely uncoordinated investment programmes, and fierce in-fighting between rival companies and political factions, now threaten to have serious repercussions, especially on employment. The problem is particularly pronounced in Sardinia because of the heavy investment on the island of one of the more troubled groups, Societa Italiana Resine (SIR), now on the verge of collapse.

At the same time, the consequences of disorganised development policy are now beginning to bite. These policies led in some instances to duplicated investment with no overall economic benefit. At Ottana, in Central Sardinia, for example, both SIR and a joint venture by two other major chemical conglomerates, Montedison and Anic, set up similar synthetic fibres plants, representing investment of more than L200bn each in an area lacking proper infrastructure, but earmarked for industrialisation by the political authorities of the time, apparently to eliminate the region's high rate of banditry.

Another joint venture between Anic and British Petroleum never got off the ground, although a plant was constructed for the production of bioproteins for animal feed. The reason, in this case, was the continuing delay of the Italian health authorities in granting the necessary approval for bioproteins production.

Sicily too has suffered from *the chemical crisis.* On the eastern part of the island is one of the main oil refinery and petrochemical concentrations in Western Europe. The plant at Augusta, completed in the early 1970s to produce up to 40 per cent of world demand for normal paraffin, has been inactive for more than a year because of the financial difficulties of its parent company Liquigas. Another joint venture between Montedison and ICI in Sicily for the construction of an aniline plant has also been scrapped.

Over the last year there have been attempts to set up salvage operations for the troubled chemical groups to safeguard, among other things, existing employment in the South and in the islands. These ventures involve the creation of banking consortia of credit institutes exposed in a troubled company to take control of the group and launch a five-year recovery plan.

The banks would agree a moratorium on all outsanding debts, pay off immediate creditors and guarantee the industrial activities of troubled companies, while also reorganising their structure and investment programme. However, in the case of SIR, this would probabably entail the shelving of some L1,000bn of investment already started in Sardinia.

But so far disagreements between banks and various economic and political factions have blocked the setting up of these rescue consortia. Also legislation that would entitle the industry minister to appoint a commissioner to take control of a troubled group in the event that no other salvage plans are proposed has also caused controversy. And despite the emphasis now being placed on the recovery of the South as a priority of Government economic policy, there have been only tentative signs of a solution to the country's chemicals crisis.

Against this background, Italian economic planners and the trades unions are promoting the development of tourism and agriculture in the islands together with light manufacturing industry. There is an urgent need to develop the agricultural base, principally through the wider development of co-operative farms in view of the existing fragmentation of land holdings. Some progress is being made, for example in the important Sicilian wine sector, but generally the problem is exacerbated by lack of funds and by the archaic structure of agriculture in the islands.

Besides agriculture, another potential source of income and jobs for Sicily and Sardinia is the development of tourism. The islands offer considerable natural and cultural attractions. Here again, however, the problem lies with the development of adequate transport and other services. In the past, major developments in tourism and other economic sectors, have been imported from the mainland. The challenge now is how far Sicily and Sardinia can develop their own resources and how far they will be allowed to do so by the mainland.

P.B.

The regions

Slow road to autonomy

LESS THAN two years ago, the Italian regions were finally granted by law a measure of autonomy that had rightfully been theirs—in theory—for years. By now, though, local humorists are comparing the stubborn optimism of one his doomed last stand against the Indians: "He's the only one who hasn't given up all hope."

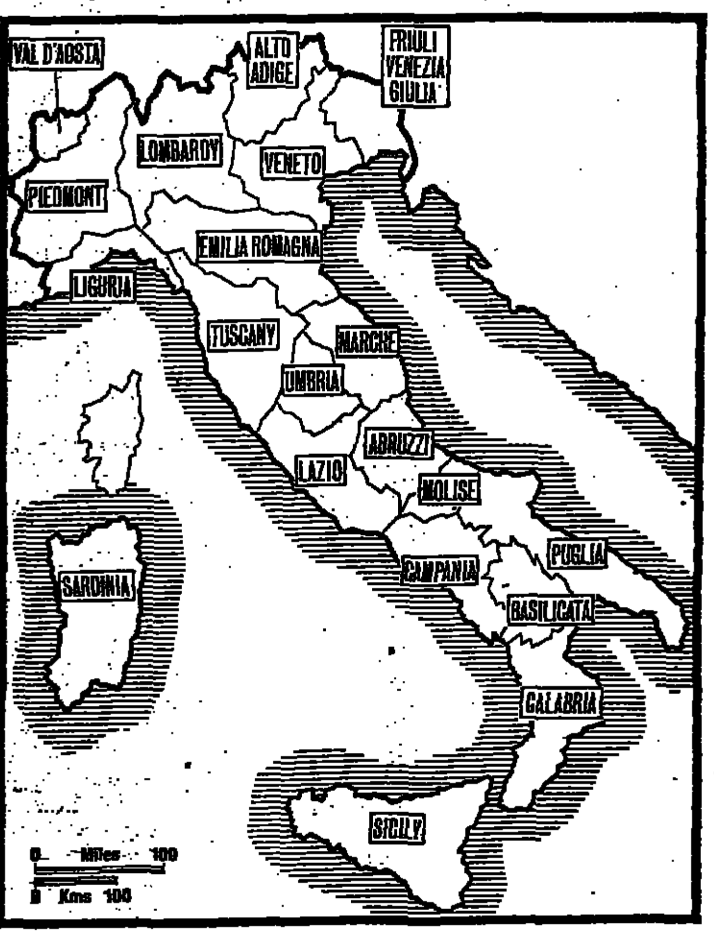
The transfer of powers to the regional administrations, elected for the first time in 1970, is by now under way despite numerous halts and starts. The process has been slower than originally foreseen, and uneven: some functions have been turned over with relative ease, while others—notably the state employment office, long a strong secular arm of politica patronage—continue to be the basis of a bitter tug-of-war between regional bodies and national political interests. Yet on the whole, the process of devolution is moving slowly along.

But the devolution itself has given rise to a whole new group of problems on the administrative, financial and legislative levels. Some have simply accompanied the transfer: some have actually been created by it.

One administrative problem is simply numbers. Despite the fear of sceptics that the regional administrations would end up being yet another ponderous bureaucratic machine to add to Italy's already bloated civil service, the actual number of persons employed by the regions is only 60,000, a fraction of the 2m employed by the state or of the 400,000 working for Italy's 8,000 cities and towns. (By contrast, West Germany's Länder, or semi-autonomous states, employ together roughly the same number of people as the Federal Government.)

Structural problems of administration are aggravated by political ones. "The regions have not yet been regionalised enough," said Professor Sabino Cassese of the School of Public Administration recently. Members of the regional governments are not elected directly but within each province, and the system produces some of the political distortions typical of an electoral college system. Tensions are also frequent among regional employees, many of whom have been inherited from defunct state or local bodies and feel little sense of identification with the new structure.

Legislation affecting regional devolution is also not free from anomalies. Professor Franco Bassanini, a socialist member of parliament who has been deeply involved in regional decentralisation, calls the national laws on regions "schizophrenic."



According to Professor Bassanini, the state tends to unload on to the regional administrations the major problems, such as drug abuse, that state bodies have trouble dealing with effectively on their own. In other cases, the state ignores the existence of the regional governments when it means a loss of prerogatives. In a recent case of this sort, some $3bn were assigned to the national road authority even though most roads are now under the jurisdiction of regional or municipal authorities.

Some of the legislative problems are closely linked to financial ones. A complicated sedies of laws intended to provide a system of checks and balances has given the regions a broad range of powers to plan but has left control of the purse strings in the hands of the central Government. Regions now have almost no independent source of financing. "On one hand, in the interests of democracy, we have decentralised; on the other hand, for economic and treasury reasons, we have further centralised," writes Professor Cassese in an introduction to the "Guide to Local Autonomy 1979," which describes, sector by sector, the current situation of regionalisation in Italy. The resulting contradictions are frequent.

The definition by Sidney Tarrow of Italian mayors as "entrepreneurial policy brokers" could also be applied to regional officials. Their job is less to make decisions than to mediate between the citizens they represent and the state above them, usually by way of the political parties. "It is paradise for the regions," says Professor Cassese, since they don't have to account for costs to their voters, but simply present the bill to the state. A fiscal reform law of several years ago by which the state takes over any debts accumulated by local bodies has had the practical result that those that run most into debt are the most rewarded, and two local areas with similar populations and similar economic and cultural structures may receive vastly different sums. The system has not only created a regional governing class that is spared the inconvenience of answering to its constituency for its actions, but, through the political links of regional officials with their political parties, has vastly inflated problems that were formerly solved at the local level.

When the state does turn money over to regions, it often does so in a way that assures the minimum of autonomy to the local bodies. A common method is tying the funds to particular purposes, which effectively limits the use the regions can make of them. The fact that Italy is one of the few countries in the world in which laws can be passed in parliamentary committee means that such legislation is further susceptible to political pressures and the lobbying of private interest groups.

Yet the blame clearly cannot all be placed on the central administration. The regions themselves have been slow to spend the funds appropriated to them—for lack of concrete programmes or because of simple bureaucratic inefficiency—and only recent reached an annual spending capacity of 40 per cent. The region of Campania, of which Naples is the capital, currently has L800bn of unspent resources; the semi-autonomous region of Sardinia has 900bn. Under such circumstances, the state, with some justification, has tended to hold back on further appropriations.

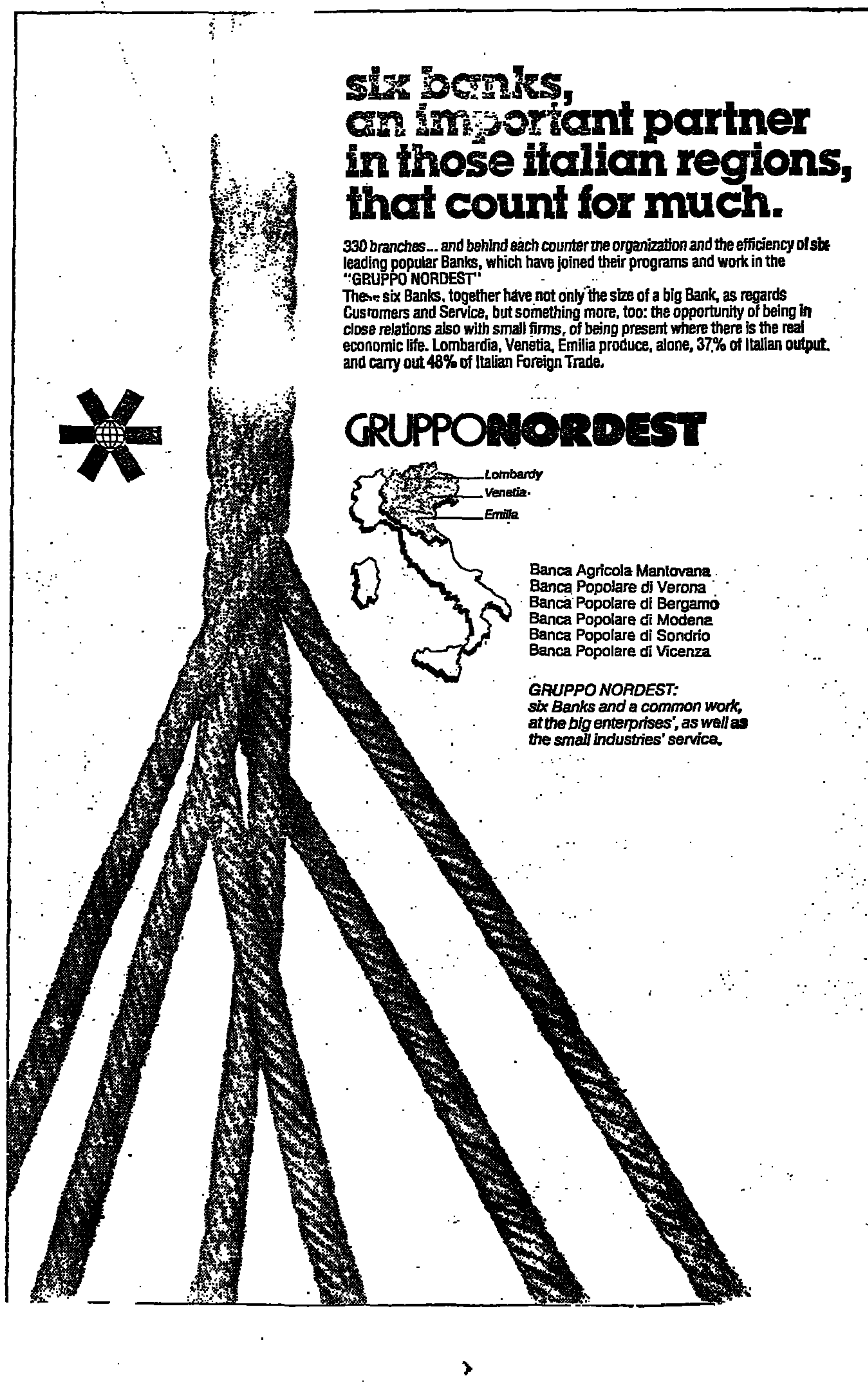
Delays

Many solutions have been advanced to the problem of delays in regional finances. One idea is to award projects to a general contractor who would take over the project from start to finish, including subcontracting. This would greatly simplify the current bureaucratic knots faced by regional administrations who now have to deal separately with each small company that is awarded part of a contract. The average time now needed to bring a project from the drawing board to completion is four years.

Less probable is a measure by which the parliamentary committees would lose any of their enormous powers to pass legislation without a parliamentary vote, since such powers are provided for in the Italian constitution.

Most important may be the simple factor of time. It is only nine years since Italy's regional governments were elected for the first time, and only two years since their powers have really become operative. The second round of regional elections, scheduled for next year, may produce a difference. With the worst of the growing pains now past, there is some hope that a more experienced set of regional administrators can begin to put into operation a devolution that was written into the Italian constitution more than 30 years ago.

Christine Lord



The environment

A bitter legacy

BELATEDLY, BUT unmistakably, Italy has begun to get down to the problems of protecting its environment, both man-made and natural. The campaign is in many forms and discernable in many ways. As is the wont of the country, it is taking place often without any official coordination.

It is understandable that the new consciousness that action is necessary has occurred later than in other western European countries. For the two post-war decades industrialisation was the main priority in Italy, and it was inevitable that in the process distortions should be created. *In social terms*, the country is now reaping the bitter legacy caused by an absence of centralised welfare planning. Similarly, the environment was neglected.

Economic progress was set above all else, and at the same time it was assumed that Italy's enormous artistic and cultural wealth would somehow just look after itself. That state of affairs is now changing.

On the industrial front, the turning point was unquestionably the Seveso disaster of the summer of 1976. The explosion at the Icmesa plant near —— a subsidiary of the Swiss company Givaudan, itself a member of the Giant Hoffman-La Roche pharmaceutical group, fatally polluted a wide area with dioxin, a byproduct of the trichlorophenol manufactured for Givaudan, and one of the deadliest poisons in existence. It was the most harrowing and most serious industrial accident in Europe in recent years, and even though the company concerned was not Italian, Seveso became a symbol of much that was wrong with *industrial* development in Italy. In the afflicted zone, the consequences are still tragically evident, while the shock it produced lies directly behin dthe vigorous campaign against the building of any further nuclear power stations in Italy, whatever the logical and pressing need for them in terms of estimated future energy requirements.

Protest

The protest movement has been led by the tiny Radical Party, with barely 1 per cent of the votes and just four parliamentary seats. But the warning signs that these feelings were taking broad popular root was plain from the regional election *results last November from* Trentino-Alto Adige in the extreme north east of the country, where the grouping of fringe Left parties, strongly emphasising environmentalist concerns, made inroads into the vote of all the major parties.

Heartened by the outcome, Sig. Marco Pannella, the quixotic radical leader is seeking to secure the 500,000 signatures necessary to force a referendum on Italy's already truncated nuclear programme. This foresees the construction of just eight new stations by the mid-1980s. The Socialist Party (PSI), most directly threatened in electoral terms by the radical Left, has also shifted its stance towards more open hostility to the country "going nuclear."

At a more everyday level, the pent-up demand for more adequate safety at work bit the headlines only last month after an explosion at a Montedison chemical plant at Mestre, the *mainland offshoot* of Venice. More than 30,000 people attended the funeral of the three workers killed in the disaster.

The trouble is also that the very structure of Italian industry makes it difficult to impose controls that work. The companies point to the very high level of social security payments they are already obliged to make *for* their staff, and will not easily be coerced into spending more. Meanwhile the existence of a large "underground" economy operating largely outside the system makes it even more difficult to apply what laws there are efficiently. The *cost in added pollution from* such unregulated operations is one of the most conspicuous drawbacks in the country's celebrated ability to muddle along under its own steam, in the absence of a strong central control.

Venice, too, is as good an example as any other of the problems of safeguarding Italy's cultural heritage. Admittedly, the lagoon city, suspended between land and water, presents unique difficulties. But vast sums of money have been allotted, not just by international organisations but also by the Italian Government. The trouble is that the money does not seem to get spent either very fast or very effectively. Venice is a textbook example of the extra complications which arise from the clumsy bureaucratic superstructure with which Italy is saddled. Government, region and the city all have a share in the programmes to restore it to its former splendour. It is not surprising that wrangling and rivalry between various agencies should impede the process.

Even so it must be said that things are beginning to happen more quickly, in keeping with the *new mood*. The casual visitor to the city cannot but be struck by the number of palaces being restored and the work going on in historic churches and buildings. But against this must be set the renewed delay on finalising a project to protect Venice from the high tides which sweep up the Adriatic, by controlling the three channels into the lagoon. Perfectly good schemes, presented in response to a tender, were all rejected as inadequate.

At the heart of the argument lies the future of the Port of Venice, the main source of the city's revenue (more important even than tourism). It all adds up to a classic case history in the tug-of-war between economic progress and the requirements of conservation. It promises to be some while before the struggle is resolved satisfactorily, if it ever is.

Belatedly, too, *attention* has begun to switch to Rome itself, arguably the biggest single tourist attraction in the world, but which has fallen into a sorry state. Its troubles are those that dog Italy, of chronic debt and bloated bureaucracy, and which have prevented adequate money being spent on maintaining the city, its public services and its treasures and monuments. In the past few years the decline has become increasingly rapid and increasingly plain to the visitor. So much so that in 1978 Rome suffered a L50bn (£30m) decline in tourist revenues, undoubtedly in part as a result of the mounting inconvenience and the general squalor of many of its quarters.

The preservation of Venice—"suspended between land and water"—presents a unique problem to the Italian authorities.

Pollution

At an everyday level, traffic pollution is quite literally eating into the monuments themselves. The three main triumphal arches of the Caesars and the two exquisitely carved marble columns erected in the second century AD to commemorate victories of the emperors Trajan and Antoninus are being steadily and irreversibly corroded. Unless action is taken at once it is beyond all doubt, according to Professor Adriano la Regina, superintendent of the city's ancient monuments, "that within a few decades all documentation of the city's past history and art will be lost." His suggestions are drastic: the *closure of all the main* monuments in the centre of Rome, electrification of public transport and a complete ban on private cars from the centre. In Rome conservation needs *must be set against the income* from tourism, which could reach an overall L6,000bn (£3.53bn) for Italy in 1979, according to some forecasts.

At the same time vandalism of art treasures is increasing. Admittedly priceless jewels from St. Marks Cathedral in Venice were returned after being stolen: but at the impressive sprawling site of ancient Ostia, some 20 miles west of Rome, pilferers from the excavations do not even bother to wait for nightfall before going about their business.

Mention, too, must be made of the building speculation which over the last couple of decades has ruined a number of Italy's most beautiful and unspoilt sites. The coastal resort of Rapallo, just to the south of Genoa, even had the dubious distinction of providing a new word "rapallizzare" to the language, meaning to disfigure by unchecked building.

More than five years ago, the writer Sig. Giorgio Bassani, then president of Italia Nostra, the organisation which has often fought a lonely conservationist battle, called his countrymen "ecologically illiterate." He blamed the corporate baronies of politicians, industry and the rest for Italy's environmental mess, for having "sold the country off piecemeal." That observation is still, alas, largely true, but the signs are there that the victim may be fighting back.

R.C.

Terrorism

An everyday story

MARCH 21 last can be counted a *fairly typical day. To judge* from the headlines the following morning in La Stampa, a newspaper not usually given to excess of sensationalism, there were that day a fatal bomb attack on an industrialist in the Piedmont town of Cuneo, an armed assault on a university professor at Padua, near Venice, while two armed bandits, claiming to be from a group called "Proletarian Battle Patrol" held up a drug dispensary on the outskirts of Turin.

In Italy's largest northern city, Milan, a gang purporting to represent the "Armed Organisation of the Proletariat" for the second time in eight days carried out a bomb attack on a State housing centre. Meanwhile, La Stampa reported, no farther clues had come the way of the police investigating the mysterious assassination in Rome just 24 hours earlier of Sig. Mino Pecorelli, editor of a scandalous newsletter.

Law and order, and terrorism, *remain, along with* the economy, the biggest headache facing any Italian Government. It is true that political violence of all hues has followed its usual trend of increasing when a Government crisis deepens, and that (so far at any rate) terrorism has not scaled the peak of last spring, when the Red Brigades kidnapped and 55 days later murdered the former Prime Minister Sig. Aldo Moro. It is also true that the authorities, statistically at least, are having greater success. Since last summer, when General Carlo Alberto Dalla Chiesa was placed in overall charge of anti-terrorist operations, the police have rounded up scores of wanted extremists, and uncovered hide-outs in Milan, Turin, Pisa, Rome and other cities.

But every apparent step forward seems swiftly cancelled out. At the end of January, for example, police in Milan captured six of the gang suspected *of involvement in the* Moro affair, and discovered further evidence of close links with the German Red Army faction group. The next day, though, Prima Linea, an organisation linked to the Red Brigades, shot dead Sig. Emilio Alessandrini, deputy Public Prosecutor of Milan, the eighth magistrate to die at terrorist hands in Italy since 1971.

If inevitably terrorism makes the main headlines, every day sees a host of smaller crimes, meticulously reported in the home news pages of the papers, often complete with gruesome photos of a bullet-riddled corpse. Some are spectacular, some horrifying, some bizarre and others callous. Some are just plain incredible. But one disturbing trend can be seen to run through the flood of separate incidents—the growing confusion and entanglement of political and common crime, making the mystery stories even *more mysterious than before.*

A recent case provides a perfect illustration. In Palermo a month ago, Sig. Michele Reina, provincial organiser of the Christian Democrats, was *shot dead. Responsibility* was claimed by anonymous telephone callers (following the time-honoured pattern) purporting to represent Prima Linea. Just 24 hours later, however, *what had first looked to be the* first political killing so far reported from Sicily was denied by other callers, again purporting to be from Prima Linea. Police are now inclined to think *the Mafia were behind the* killing. The trail, meanwhile, has apparently gone cold. In a host of other violent crimes common bandits are sheltering behind dubious political labels in the *hope* of throwing the police off the scent.

Since 1960 over 380 kidnaps for ransom have been carried out, netting a total of L150bn (£85m) for their perpetrators. But according to the Interior Ministry, cases in 1978 dropped to 42 (L9bn only in ransom) from 78 in 1977 (L20bn). At present it is believed that "*negotiations*" *are still going* on for the release of 15 victims.

Violent crime (even its more recent extension into political fields) is nothing new in Italy. Its roots are deep in the structure, or rather lack of it, of the State.

In a sense it could be argued that today crime is merely the extreme manifestation of the centrifugal forces in Italy, where people long accustomed to receiving aid from the official institutions create their own. There now are private universities alongside those of the State. There is even a "submerged economy" operating alongside the one that shows up in the official statistics. Crime, it could be said, is one *more* example of energetic people "doing their own thing."

Ransom

The one constant in the equation is the succession of kidnaps for ransom. The causes of the proliferation of such crimes are well chronicled, above all the migration (voluntary or forced) of Mafia and other criminals since 1960 to the wealthy north of the country, away from the south. *The evidence is that the police* are tackling this problem with perhaps more success than they have achieved in the battle against political terrorism.

At the start of 1979 a history-making trial ended in Reggio Calabria. For the first time ever 28 members of the Calabrian Mafia were sentenced to jail, for terms totalling 207 years. The endemic violence of that blighted southern region continues, but police may be making inroads into the kidnap industry ("*Anonima Sequestri*" or "Kidnaps Inc." as it is commonly known).

On to this has been grafted the comparatively new branch of political terrorism and violence, whose historical birth is generally regarded as dating from the Milan bomb outrage of 1969. The death of 16 people in the Banca Nazionale dell'Agricoltura was the climax of the so-called "strategy of tension" which continued into the 1970s in an attempt to undermine the Communist Party's steady approach towards power. From the outset it was believed that the political far Right and the Italian Secret Service *were linked with the* affair. This conviction has been reinforced by events as the trial of those responsible finally drew to its end in Catanzaro, 10 years after the atrocity.

In circumstances as ludicrous as they were sinister, two of

CONTINUED ON NEXT PAGE

The Vatican

A significant year

An enthusiastic welcome from a group of nuns for the Pope at his Sunday morning appearance in St. Peter's Square.

THE VISIT of Pope John Paul II to his native Poland at the beginning of June will mark the climax of what has perhaps been one of the most significant years in the history of the Roman Catholic Church. For the first time in four and a half centuries, a non-Italian—and indeed one from a Communist country—has been elected Pope.

The election last October of Karol Cardinal Wojtyla, the former Archbishop of Cracow, was clearly intended as a symbol of the apparent renewal of the Church and a tangible expression of the Church's sense of universality. Already in the first five months of his pontificate the new Polish Pope has lived up to these expectations.

From his very first statements he emphasised the need to ensure fundamental human rights and freedoms for all citizens. He has repeatedly laid considerable stress on the need to advance the spirit of ecumenism with the other churches and has insisted that the institutional church as such had no direct role in political life.

In his first encyclical last month entitled "Redemptor Hominis," the new Pope strongly attacked the failings of both Western and Communist models of society and warned bluntly of the dangers of the ever-increasing gap between rich and poor. The document reaffirmed the Pope's determination to preserve the Church's independence and to concentrate on protecting man and his dignity irrespective of the political system under which he lives. The Church, it asserts, "is in no way bound to any political system and is completely separate from the political community."

Style

The Pope's own personal style has also had considerable impact. When his name was first mentioned from the balcony overlooking St. Peter's Square, the reaction of the vast crowd of some 200,000 gathered there was at first one of bewilderment. One local Roman, standing in the Square when he heard the Pope's name pronounced exclaimed: "My goodness, they have elected a Japanese."

But his election, after the initial reaction, was enthusiastically welcomed also by Italians, especially in view of the new Pope's apparent disregard for traditional Vatican pomp and protocol, his accessibility and his conception of his role essentially as a pastoral leader. A measure of his popularity was the need to hold three general audiences on a Wednesday late last month—the day the Pope traditionally holds his general public audience—to accommodate the increasing number of pilgrims and Italians wanting to see him.

For Italy, as indeed for the Communist world, his election is particularly significant. In a country where more than 90 per cent of the population are Catholics despite the large electoral support enjoyed by the powerful Italian Communist Party, the election of Pope John Paul II will inevitably weaken the traditionally strong, if recently informal, links between the Vatican and the long-ruling Italian Christian Democrat Party. At the same time his pontificate is also expected to open up a whole series of questions about the future course of events in the Catholic parts of Eastern Europe and perhaps about the future development of the Soviet dominated power structure as a whole.

However, it would be misleading to consider the election of Pope John Paul II as a sudden change in Vatican attitudes and a major break with the recent policies advocated by the Church. Indeed, in many respects it is quite the opposite. His election is in large measure seen as a consolidation of the fundamental philosophies of the papacy of Pope Paul VI, who died last summer, in the key areas of doctrinal, social and political affairs. For his part the Pope has implied on various occasions that his papacy is likely to be marked by a liberal policy on social issues and a centrist and generally traditionalist approach on theological and doctrinal issues.

Above all, he has assigned particular prominence on the policies emerging from the Second Vatican Council started by Pope John XXIII and completed under Pope Paul VI. He has suggested two alterations, for example, in the increasingly controversial question of priestly celibacy and the Church's traditional view on divorce and related family issues like birth control and abortion. In this respect the Pope earlier this year became entangled in a bitter revival of the controversy over recent legislation legalising abortion in Italy and re-affirmed the Vatican's traditional moral position against abortion.

Like Pope Paul VI, the new Pope at the end of January chose Latin America—a continent expected within a few years to make up as much as half of the world's Roman Catholic population—for his first major excursion outside Italy, to attend the opening of the Latin American Episcopal Conference in Mexico. There he again stressed the need for human rights and seemingly endorsed in part the politically activist involvement of many Roman Catholic missionaries in a continent whose huge social and political problems have aroused some of the fiercest ferment in the Roman Catholic Church and where, according to the new Pope, the future of the Church is probably at stake.

But he also firmly indicated that he did not go along with the more extremist interpretations of the so-called concept of the "theology of liberation" formulated some 10 years ago at the previous Episcopal Conference at Medellin in Colombia. The Church, he re-asserted, should stay out of politics.

In essence this was a declaration to the effect that the Church in Latin America should give priority to defending the rights and interests of the poor. But in a continent torn by military dictatorships, torture and oppression and where the divisions between rich and poor are often at their extreme, such a concept carried with it major implications for the Church. It implied direct involvement in progressive Left-wing Latin political affairs, and for many American clerics it represented a call to engage directly in fighting in defence of human rights and against oppression.

In the same way, despite the Pope's personal background, Vatican observers generally feel there are unlikely to be early and dramatic overtures between the Vatican and the Communist world. The new papacy is likely to endorse and reaffirm the gradual "opening to the East." a dialogue between the Church and the East European Communist countries launched unspectacularly some three years ago under Pope Paul VI.

This dialogue has been called a policy of "political concessions for pastoral gains" and aims to enhance the Church's mission in Eastern Europe and see its vocation recognised. However, in a predominantly Catholic country like Poland, the election of a Polish Pope is bound to put considerable pressure on the Government, as indeed on those of the other Communist countries.

The same to some extent appears to be true of the new Pope's attitude towards Eurocommunism, an issue which is particularly important for a country like Italy. While the dialogue between the Italian Communist Party and the Church could now increase, the Church has also asserted that there remains an incompatability between Christianity and Marxism and an incompatability between the Church and the Communist Party so long as the latter maintains a Marxist-Leninist approach and its underlying aim to set up a collective State, sometimes referred to as Marxist and on other occasions as Socialist. None the less, the Pope has also rigorously attacked the "moral disorder" of Western societies where individual liberty is often confused with excessive consumption and acquisitiveness without any basis in ethics.

Conflict

As further evidence of his desire to continue the broad policies in Italy of his predecessor is his declared intention to complete the important revision of the Concordat, the pact regulating the Church-State relations in Italy concluded between Pope Pius XI and Mussolini. The spirit of the revision is in keeping with the fundamental thinking of both the Italian political parties and the Vatican, which seeks "no privileges but only sufficient liberty to carry forward its evangelising mission." Indeed. Pope Paul VI sought to establish in Italy the Church's total and unambiguous autonomy from its old ally, the Christian Democrat Party.

Against this background, the election of the new Pope and his first preliminary policy statements over the last few months indicate that the Church intends to continue on the course established by Pop Paul VI. The late Pope clearly left his successor with a difficult legacy, including the conflict between the modernists and the traditionalist who have never forgiven the dropping of the Latin liturgy, the challenge of a developing world not steeped in European and Mediterranean traditions. the challenge of the political Left. and the controversial question of priestly celibacy, family issues and the role to be assigned to women in the Church.

However, Pope Paul VI also devoted enormous efforts to consolidating the revolutionary changes advocated, but not all introduced, under the innovative and progressive pontificate of Pope John XXIII. A vital question, often misunderstood and resulting in Pope Paul VI being often depicted as a dull and "bureaucratic" figure, was his concern to ensure the broad lines that he hoped his successor would assume.

He devoted much time to reforming the Government of the Church, seeking to give bishops greater involvement in the problems affecting the Church and a greater voice in the ruling Vatican Curia. He wanted to rejuvenate the Italian-dominated bureaucracy of the Vatican, and progressively if slowly to internationalise the Church to prepare it to face a modern society. Above all he wanted, and in great part succeeded, to open the way towards freeing his successor from the constraints of the Curia and to allow him more flexibility to pursue a pastoral role.

The election of Cardinal Wojtyla is clearly in line with this thinking. The broad pattern had already been set by the election last August of the short-lived Albino Cardinal Luciani, the Patriarch of Venice and an essentially pastoral figure, shortly after the death of Pope Paul VI. In a sense, the sad and brief pontificate of barely one month of Cardinal Luciano, who chose the name John Paul I, represented the necessary transition leading to the election of the former Archbishop of Cracow. At the time it seemed — on the surface at least — a dramatic and revolutionary choice. Five months later, it looks perhaps as an obvious one.

P.B.

Story CONTINUED FROM PREVIOUS PAGE

the leading accused, neo-Fascists Franco Freda and Giovanni Ventura, escaped separately, within a three-month interval. At best it was incompetence, at worst complicity on the part of a state that might well have been frightened at the secrets that could have been told. In any case the blow to the reputation of the security forces was immense, and pressures have again mounted for the effective overhaul of the whole apparatus, which was promised by the outgoing Andreotti Government.

Terrorism on the Right was swiftly matched by terrorism on the Left, fuelled by political causes of its own. The first, and probably most important, was increasing disorientation and dissatisfaction on the far Left at the advance of the Communists along the path of the "historic compromise," or understanding with the Catholic forces in Italy. Revolutionary purists concluded that the party had abandoned its soul in search for power, and took matters into their own hands.

A similar process undoubtedly has taken place at union level. Workers, like the political militants, felt that their orthodox leadership had gone too far along the road to compromise with the establishment. The consequence is that factories are often hot-beds of extremist agitation, especially in northern cities like Turin where many of the ordinary workers are displaced southern migrants. Symptomatic of the trend was the murder in Genoa of a union official by the Red Brigades in January, after he had helped identify one of their sympathisers at the local Italsider steel plant.

Another breeding ground for extremism and violence is Italy's chaotic university system, which might have been invented to foment terrorism. The habit has spread back to the schools, which are now a battleground in the highly politicised gang warfare that can slice through Italian cities.

Nowhere perhaps suffers worse than Padua (which brings us back to the university professor attacked there on March 21). That once-pleasant city, 20-odd miles inland from Venice and the home of one of Europe's most distinguished universities, which played host to Copernicus and Galileo and Harvey, is proportionately the second worst city in all Italy for drug addiction and hold-ups.

The new Psychology Faculty, to cite but one example given by Professor Luciano Merigliano, Rector of the university, was conceived for 1,000 students. Now, following direction from the Education Ministry, it has been thrown open to all. Over 9,000 students are enrolled. The Faculty inevitably has become not only a factory of unemployment but also of terrorism, as the attack on a member of the university staff shows only too clearly. There could not be a more vivid warning of the threat to law and order in Italy of unemployed youth.

R.C.

Tourism

Bookings look healthy

IT IS hard to remember during the present boom that it was only five years ago that Italy's then Minister for Tourism was advocating closing down his Ministry and transferring its functions elsewhere.

That was in the wake of the 1973 outbreak of cholera in Naples, when the number of foreign visitors fell drastically and earnings of foreign currency from tourism were a fifth of their level today.

The Ministry still remains the least important in the Italian Cabinet. Its building hardly inspires confidence, huddled away in lonely isolation behind the Basilica of St. John in Laterano, and the Minister is still the first to be sacrificed in every Government reshuffle.

Sig. Carlo Pastorino, the outgoing Minister, was more successful than most of his predecessors in shaking up his office during his short period in control. For the first time in many years the Ministry benefited from being in the hands of a competent manager and businessman instead of a loyal party stalwart. But, as was predictable, he has been moved out in the latest Government changes.

Tourism is now just too large an item in Italy's balance of payments to be treated lightly. It is also one of the country's key industries, accounting for about 2m employees and 250,000 different companies: hotels, agencies, tour operators and so on.

In 1978 — the year of the terrorists, the Moro assassination, and bad publicity in the German Press — foreign currency earnings from tourism totalled just over L5,000bn, or L1,000bn up on the previous year.

Bookings are known to have fallen off last year because of the political violence, but either the holiday makers safe on their beaches were not as afraid of the Red Brigades as they were of the 1973 cholera epidemic, or the lira was such good value compared with other European currencies that a holiday in Italy was too good to miss.

This year expectations are high that tourism will bring in the equivalent of L6,000bn in foreign currency. But observers carefully point out that the increase does not necessarily mean more foreign tourists, or even that the same number are spending more lavishly.

Increase

A large part of the increase will be accounted for by rising prices. Operators are also worried that unless the labour disputes now crippling Alitalia, the national airline, are settled quickly they will have serious repercussions.

However, there are a number of concrete signs that 1979 will turn out to be another good year. Summer bookings are up on 1978 and the hotels and beaches along the Adriatic are already preparing for a record invasion of German holidaymakers between June and August.

A sudden, massive take-off by Italy's winter skiing season has also been encouraging. After years of neglect by foreign skiers who have always preferred Switzerland, Austria and France, the Italian Alps have finally come into their own.

The international success of Italy's ski team, the Blue Avalanche, can be given some of the thanks for this. But nationally-sponsored advertising campaigns abroad have also produced dividends.

In addition there is a good financial reason why Italian ski slopes have suddenly become so attractive: a two-week stay at one of the top Italian resorts—Cortina, Courmayeur, Sestriere, not to mention the less-fashionable but equally good alternatives such as Cervinia, Madonna di Campiglio, Ortisei—costs less than its equivalent on the other side of the Alps and has as much to offer in terms of skiing and apres-ski life.

One of the added joys for the hardened piste follower used to the astronomical price of ski lifts elsewhere is the ski-pass system. This allows limitless rides for a given period, not only on all lifts in one village but in a whole valley or even an entire province.

The drive to use tourist facilities during off-season months—September to April—is now one of the main priorities for both the national and regional tourist authorities as well as for the private operators.

Italy traditionally has been the place for summer holidays. There is no good reason, however, why Taormina in Sicily with the snow of Etna behind it and the beaches of the Mediterranean in front should not be just as good a place as Nice or Tangier for the wintering public: why visitors who use the thermal baths throughout the summer should not do so in winter and why what are called special-interest tours or study groups should not be just as keen on Renaissance art in November as they are in June.

International congresses and conferences are another way of boosting off-peak tourism. It is estimated that the participants at these events spend about 50 per cent more than normal holidaymakers, that they stay an average of five days and that they bring their wives, secretaries or children with them.

The largest operator in this field and perhaps the most successful is the Italian subsidiary of the American Express. The company, now headed for the first time by an Italian-born managing director, Sig. Gustavo Galluzzi, has been in the congress business for only four years but it has managed to corner the largest single share of the Italian market with its own specialised congress section.

Its success, particularly with arranging medical and scientific events, has been largely responsible for prompting the government to take the congress business more seriously in terms of foreign promotions. But a proposal to introduce some form of subsidy system for such activities has fallen by the wayside for the time being.

The congress business is no easy investment. A large international event requires considerably more in terms of organisational skill and special management techniques than a group tour of pilgrims going to the Vatican. It takes about a year and a-half to organise and needs the support of a vast network of facilities—from arranging travel and hotel bookings to printing gala dinner invitations.

Such events are also subject to cyclical fluctuations. For example, no association wants to hold its annual meeting in the same place two years running. And a congress organiser is more likely to be swayed by strikes and political violence than the ordinary tourist when choosing a venue.

Congresses have also become more and more sophisticated in recent years. And while Venice, Rome and Milan have little difficulty in providing facilities with simultaneous translation, closed-circuit television, auditoria seminar rooms and dining arrangements for 2,000 guests, smaller centres such as Florence, Bari and Bologna cannot always compete.

All these considerations probably account for the fact that only 14 world-wide congresses are scheduled for Italy this year—with American Express picking up six of them—compared with the 40 in 1978.

Even at a time of boom figures there is no one in Italy who would disagree that there is room for improvement in the industry. Existing facilities to cater for the normal tourist traffic are used at only half their full capacity. The South of Italy—the Mezzogiorno—geographically too far for the car-bound tourists from Germany, Holland and Austria, is still under-developed although it has much to offer. The well-organised private tour operators are almost all non-Italian and the few Italian ones are mostly regionally based.

Facelift

The State-operated and controlled CIT (Compagnia Italiana Turismo) has not been much of a success either and registered losses of L2bn in 1978. There was talk of closing it down a few years ago, but now the idea is to re-vamp the musty, old-fashioned organisation with its gloomy offices and dog-eared, out-of-date brochures.

About L8bn is to be poured into the company of which L2.5bn will be spent giving the overseas offices a facelift. Another L2.5bn will be spent on the Italian network and the remainder on reorganising and retraining headquarters personnel in Rome and installing computerised equipment to cope with the requirements of a modern international tour operator.

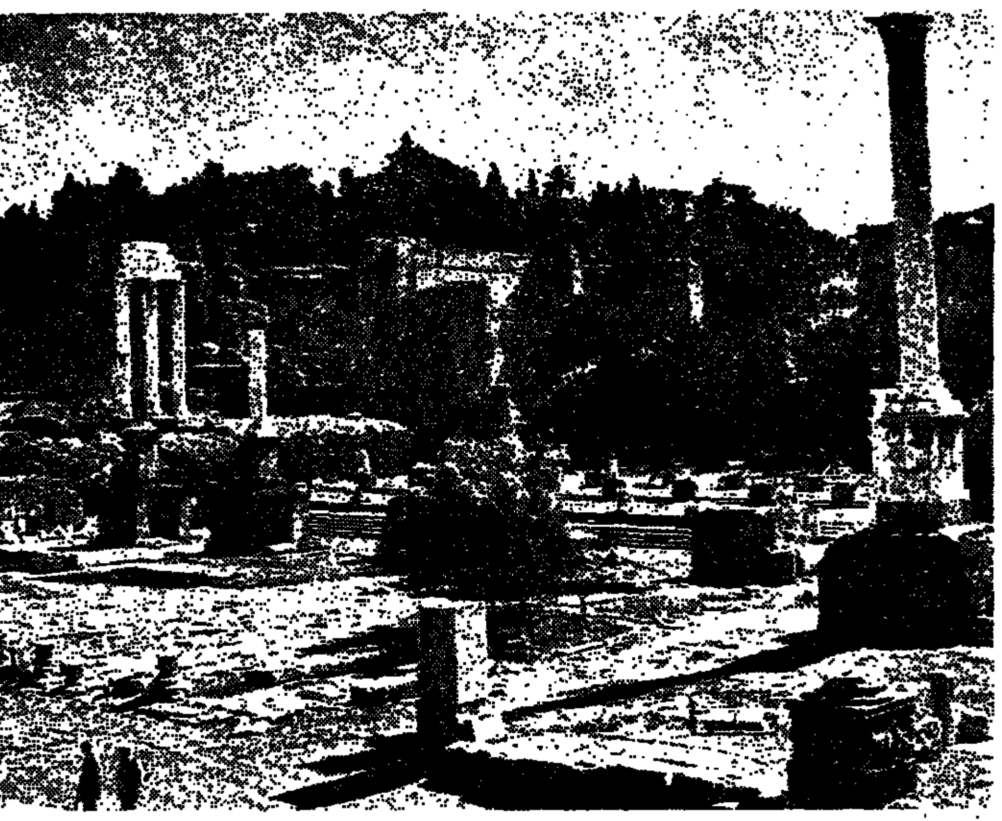
While much of the attention is given up at present to attracting the foreign client and his currency, more could also be done for the Italian tourist at home. This is becoming an increasingly important aspect of the trade as Italian spending for holidays abroad each year continues to rise (last year it totalled L800bn compared with L600bn in 1977) even though strict currency regulations are still in force.

Here the regional authorities are already working hard. But there is a danger that the richer and better-organised regions—mostly in northern and central Italy—will outspend and outshine their poorer neighbours in the south.

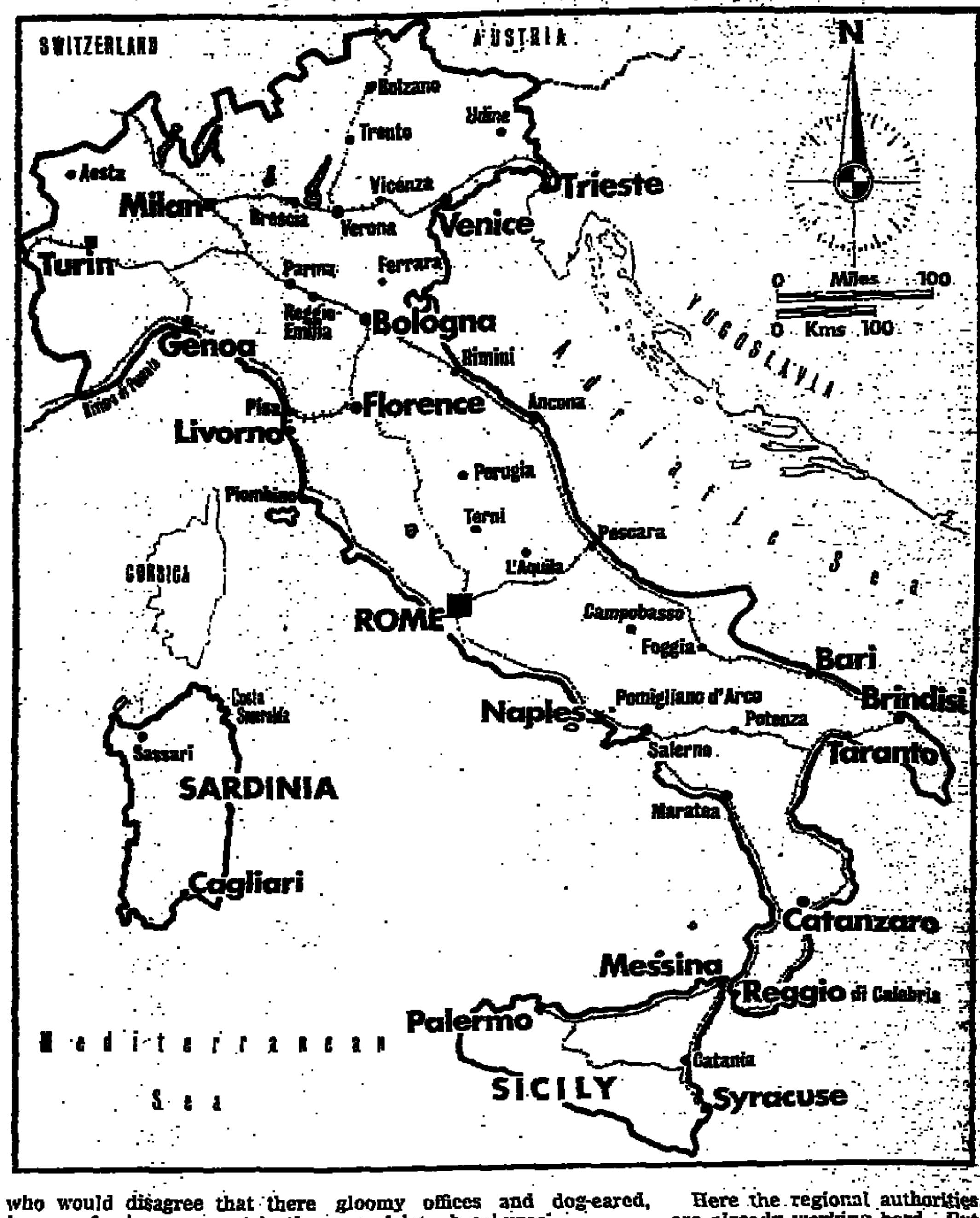
It is already evident that a special effort is needed to bring tourists to Calabria, Puglia, Basilicata and Sicily. As private investors are still reluctant to go south this may leave the State carrying the full financial cost.

But unless the development is carefully planned the Mezzogiorno could find itself burdened with the holidaymaker's equivalent of the industrial cathedrals in the desert—large, seasonal, self-catering tourist playgrounds which have few links with the surrounding community's social or economic needs.

Mary Venturini

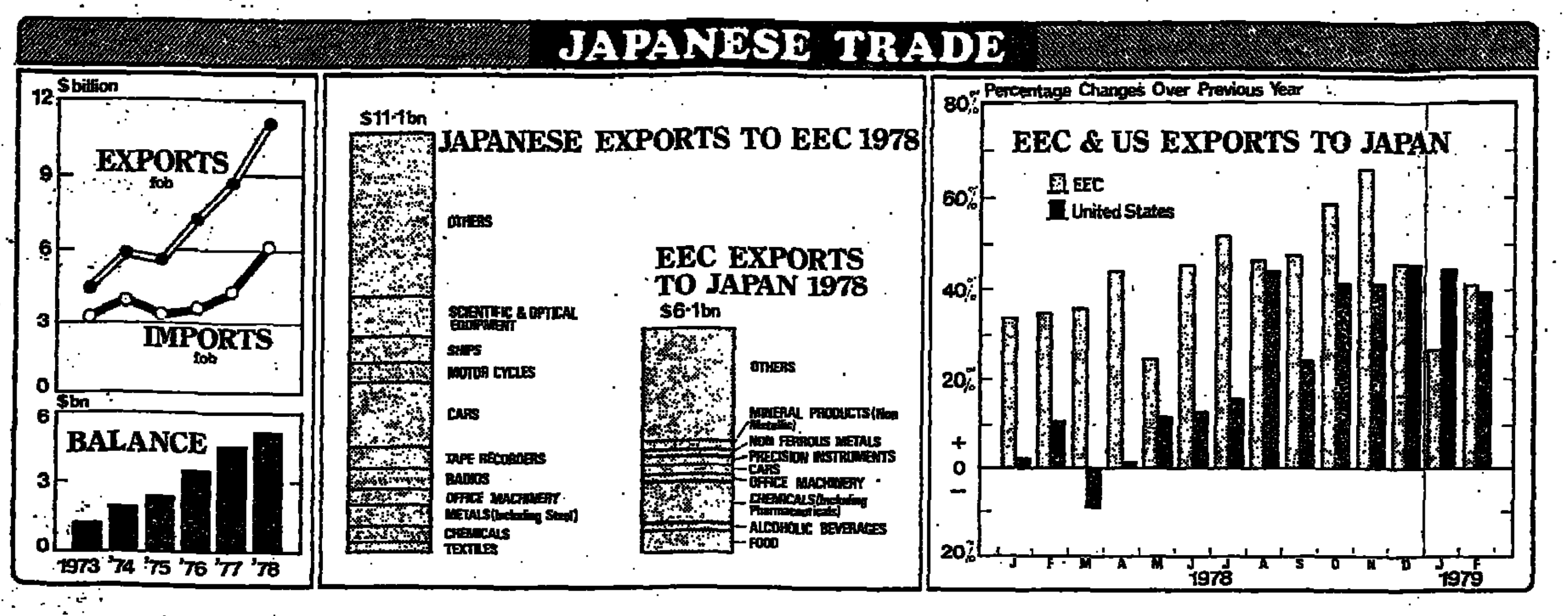


The ruins of the Forum, one of Rome's popular sightseeing attractions.



Why the EEC lost its temper with Japan

By CHARLES SMITH, Far East Editor in Tokyo



JAPAN and the EEC have a long history of disagreeing about their two-way trade relationship. The disagreement seemed to have reached the point of open bad temper when the European Commission, at the end of three days of routine and apparently fruitless "high level" talks in Tokyo, leaked to reporters in Brussels a document which hinted at the need for restraining Japanese imports and described the Japanese as a "nation of workaholics living in what westerners regard as little better than rabbit hutches."

The EEC document, or rather the leak, has been interpreted in some Japanese official quarters as one more proof that Brussels bureaucrats are irresponsible and not interested in observing international etiquette. But it may also have shocked Japan into realising the sense of crisis that prevails in Europe about trading with them.

Acute tension

Despite the size of the Japanese surplus the problem that is causing acute tensions between Brussels and Tokyo is not trade imbalance as such. The EEC and Japan both subscribe to the principle that countries should balance their accounts with the outside world on a multilateral basis, not bilaterally. The EEC will be in external surplus in 1979 both on trade and current account, so the fact that it will undoubtedly be several billion dollars in the red in its bilateral account with Japan should not matter.

What does matter, as Europe sees it, is the fact that the Community's deficit with Japan seems to become larger every year. In 1970 EEC-Japanese trade was almost in balance (there was only a small surplus of $300m in Japan's favour). By 1973 the gap exceeded $1bn, and from then on it grew at a rate of almost $1bn a year. In 1978 it had reached $6.4bn. (This is the EEC figure: according to Japanese trade statistics the gap was somewhat smaller.)

The Commission claims that the reason for this trend is that Japan is not a truly open market. Japan's tariffs, and quotas are acknowledged to be very moderate compared with those maintained by other advanced industrial countries. Japanese non-tariff barriers, however, are considered in Brussels to be among the most formidable in the world. They consist mainly of certification and inspection procedures which increase both the cost and the time involved in gaining access to the market for manufactured or food products.

Japan agrees in principle that Europe ought to be able to sell more in the Japanese market. It disagrees with Europe about where the blame lies for the present situation, and how much urgency to attach to it. The Japanese point out that the EEC imports from Japan still represent only 2.3 per cent of total Community imports. They also argue that, if invisibles are included, Japan's current account with Europe appears a good deal less out of balance than if one studies the trade account alone. According to its own statistics, Japan has been running an invisible deficit of around $2bn with Europe in each of the past three years and has therefore been in current account surplus with the Community by amounts ranging from $2.7bn to $4.7bn.

What Japanese officials do not emphasise to anything like the same extent is that the structure of Japan's foreign trade seems to require that the country should run a permanent surplus with the advanced trading nations. Japan imports practically all the raw materials and energy needed to supply its industry and thus tends to be in permanent deficit with major primary products exporters such as Australia, Canada and the Middle East. In order to cover these deficits it has to run a surplus with countries that are large habitual importers of manufactured goods—in other words the EEC and the U.S.

The Japanese recognise that Europe is also an importer of raw materials and an exporter of manufactured goods, but tend to shrug off the implications by saying that Europe seems to be able to balance its accounts without running a surplus with other industrialised economies. That is a point which does not apply to the U.S. The U.S. is in deficit both in its bilateral trade with Japan and with the world as a whole. That may be one reason why American pressures on Japan to increase its imports seem to receive more response than similar pressures applied by the EEC.

The point about Japan's alleged habit of listening to the Americans harder than it listens to Europe is important because a considerable conflict of interest exists on either side of the Atlantic with regard to the Japanese trade problem. The U.S. got one jump ahead of Europe in the winter of 1977-78 when it caused Japan to liberalise its imports of oranges and beef (two products of special interest to U.S. farmers whose votes are, in turn, of importance to U.S. Congressmen).

Early this year the U.S. managed to extract from Japan a promise not to buy excessive amounts of animal hides in the American market intended for the protected Japanese shoe industry. Europe failed to obtain a similar undertaking. There have also been hard feelings in Europe about the way Japan's $4bn emergency import programme has seemed to favour products, such as uranium and passenger aircraft, of which the U.S. is a very major supplier while Europe either occupies the Number Two position or ranks nowhere (at least so far as the Japanese market is concerned).

Exchange rate

A third area in which Europe would seem to have lost (at least temporarily) to the U.S. is in the struggle to gain an exchange rate advantage vis-a-vis Japan. The U.S. dollar depreciated against the yen by 27 per cent during 1978 (although it subsequently made up some of this lost ground), while European currencies depreciated on average by only about half this amount. The result shows up clearly in the way U.S. exports to Japan surged towards the end of 1978, while the EEC's exports (competing in the same narrow corner of the Japanese market which is reserved for imported manufactured goods) tended to level off.

In February, the last month for which figures are available, the year-to-year rate of increase of Europe's exports once again moved marginally ahead of the U.S. rate of increase, but for a special reason. Of the EEC's sales to Japan during the month in question, 10 per cent consisted of non-monetary gold, a product which Japanese private consumers recently have begun to hoard following the removal of restrictions by the Ministry of Finance on private ownership of gold.

The U.S. is not the only competitor facing Western Europe in the Japanese market for imported manufactured goods. Japan also buys manufactured goods from neighbouring Asian producers such as Korea, Taiwan, Hong Kong and Singapore—four places labelled in a recently published U.S. Congressional report as the "new Japans." They supplied just over 3 per cent of Japan's non-oil imports in 1967, but had managed to increase their share to 10.7 per cent by the end of 1978 (compared with an 11.3 per cent share for the EEC).

Neighbouring Asian countries still sell mainly in the lower end of the Japanese market but this has not prevented them from emerging, in some cases, as direct competitors to established European exporters. The watch industry is a case in point. Hong Kong, Taiwan and Singapore all made spectacular gains selling watches to Japan during 1976 and 1977. Switzerland (the traditional market leader) and West Germany lost ground substantially. What happened to watches also happened to toys and furniture except that in these two cases, it was the U.S. and Britain that lost ground. Italy managed to buck the trend and increase its exports of both these categories of goods.

The Japanese say that their imports of manufactured goods, which have already increased from a low point of 20 per cent of total imports to around 28 per cent, will become progressively more important, maybe making room for everyone. This may be true in the medium or long term, but officials admit that the opposite may occur in the immediate future. Japan's manufactured goods imports are expected to stabilise, or at least to rise less rapidly, in the latter part of 1979. Thus European exporters to Japan may find 1979 a less easy year for selling to Japan, in spite of the assurances that things will become easier in the end.

Import curbs

If the EEC loses patience at this point and decides that the time has come to start adjusting the trade balance by restricting imports from Japan, there would appear to be plenty of scope for action. EEC countries currently maintain residual import restraints on 64 traditional Japanese export items while Britain has persuaded Japan to adopt "voluntary controls" at industry level on a range of products (including cars and TV receivers) which constitute about 30 per cent of Japanese exports to the UK.

If it feels driven to take drastic action, the European Commission could seek to adopt throughout the Community the restraints which exist on a de facto basis in Britain. The question is whether this would be a useful way of "bringing Japan to its senses," as the hawks in Brussels are inclined to argue, or whether it might not permanently damage the chances of achieving a satisfactory trade relationship.

Letters to the Editor

Legislating in haste

From Mr. P. R. Pennington-Legh.

Sir,—In the last few days of the outgoing Parliament some 25 Bills were frenetically rushed through, in many cases untouched yet by common consent, possessed of manifold imperfections and requiring much amendment. The product of this haste is now piled on our groaning statute books. In many instances (for example, an Act concerning standards in the shipping industry) people's livelihoods and safety are at stake. In other Bills far from unimportant economic environmental and social issues are involved.

Putting aside for one moment the urge to congratulate all sides of both Houses on their hitherto unsuspected speed exhibited during this late sprint to the finishing post, one cannot help but fear that the interests of our legal and Parliamentary systems are being ill-served by such forced measures.

If indeed these Bills (and others which die in mid-term) are essential and apolitical, then surely an all-party commitment can be given (albeit non-binding on future Parliaments as to their support or opposition) that aborted Bills be reintroduced at the reading stage reached when the guillotine fell. Moreover, reasonable time should be allotted (in the mornings perhaps) by the incoming Leader to the House to ensure that such carry-over Bills can progress in an orderly fashion.

P. R. Pennington-Legh.
51, Kings Road, Windsor, Berks.

Corby faces disaster

From Mr. R. G. Jobling.

Sir,—I read with interest your report on Corby (April 4). It must be emphasised that Corby as a town only exists at all because the steel industry and a series of national governments collaborated in its foundation to provide steel and tubes in the national interest. After the war it was developed as a "new town" distinctively different from virtually all the others in its unique, overwhelming dependence on a single industry and employer. Diversification was deliberately impeded, and no-one disputes this, in order to protect the steel works from competition for labour. This was so until at least 10 years ago. Corby's vulnerability as a one-industry community has come about therefore by official design during the last 30 years.

Closure of the steel works would entail local unemployment of over 20 per cent. It would be followed by a closure of the tube works, and over 30 per cent unemployment. The justification given by BSC is the problem presented by on-coming new steel capacity on Teesside. Interestingly your report deals separately with the new giant works on the Tees, and you question the viability and appropriateness of such a development. Our competitors are apparently already abandoning such schemes.

Closure at Corby would bring economic and social disaster on a scale not seen in Britain since Jarrow in the 1930s. That this should be threatened in a so-called planned community created in the national interest, is not a matter of limited financial accounting within BSC, but of wider national social and political decision.

R. G. Jobling, Fellow,
St. John's College, Cambridge.

Barristers' earnings

From The Chairman, British Legal Association

Sir,—While I agree with Mr. David Hirst QC, Chairman of the Bar (March 29) that fees for legal aid defences in criminal courts are often too low, I find difficulty in accepting that one third of all practising barristers earn less than £4,000 per year. Of course, if, in this one third he includes the one quarter of the Bar recently called—many of them undergoing pupillage (i.e. training like a solicitor's articled clerk)—then his figures make better sense. Why, however, should we lament because young people at the threshold of their professional life earn less than £4,000 per annum? My concern is for the experienced solicitor or barrister working primarily on legal aid matters whose income is very much less than one might reasonably expect for the skill and responsibility involved.

Mr. Hirst says that he has seen no "public demand" for extension of rights of audience to solicitors in the Crown Courts in trials by a jury. That is hardly surprising. On the whole the public does not voluntarily visit the Crown Courts so that it cannot compare the general position there with the Sheriff Courts in Scotland where most of the jury trials are conducted—for prosecution and defence alike—by solicitors.

In Bodmin Crown Court where solicitors historically have, and regularly exercise, the right to appear as advocates on equal terms with barristers, the disastrous results forecast by Mr. Hirst have not occurred: indeed barristers at Exeter and Plymouth local Bars flourish in competition with solicitors. The proof of the pudding is in the eating thereof, and if rights of audience are extended throughout England and Wales, solicitors will always instruct fully experienced (but not inexperienced) barristers when the case requires.

S. P. Best,
British Legal Association,
20, Church Road,
Tunbridge Wells.

Health spending

From Mr. Michael Ryan.

Sir,—Mr. T. G. Arthur (Mar. 10) appears to suspect that the DHSS figures for expenditure on the NHS at constant prices were calculated on some "funny money" basis unique to the Department. Perhaps he is less suspicious of the Central Statistical Office and would care to consult the most recent (1978) National Income and Expenditure blue book. Table 9.3 in that publication gives NHS expenditure at 1975 prices for the years 1967-77. From it one can calculate an increase of 34 per cent in respect of current expenditure and 35 per cent in respect of total final consumption over this decade.

It is also relevant to mention that date published in the CSO blue books permit the calculation of NHS spending as a percentage of total public expenditure. For 1966 and 1975—the years of interest to Mr. Arthur—the figures are 9.0 per cent and 10.1 per cent respectively. It follows that if NHS costs had roughly trebled in real terms during this period, so too would the total public expenditure. And such an improbable occurence would not have passed unnoticed.

Michael Ryan,
Department of Social Policy and Social Work,
University College of Swansea,
Singleton Park, Swansea.

Railway technology

From Philip N. Mortimer

Sir,—Recent reports in the technical Press on the review of the Advanced Passenger Train project and its progress to date raise a number of pertinent issues which colour the whole problem of long-term traction policy on British Rail. The long (and lengthening?) gestation period for the APT puts in increasingly in the "jam tomorrow" category and forces an inevitable reliance on existing traction and rolling stock inventories to meet the thrust of competitive modes.

The promise of 150 mph operation over existing track and infrastructure has been progressively de-tuned to a more realistic 125 mph level but this has still to be achieved. The saga of continuous modifications, design changes and associated production problems needs no further elaboration. Suffice it to say that the project has soaked up considerable technical and financial resources for, as yet, no tangible return.

With this in mind, and with the prospect of either further delays or outright cancellation of the APT project, where does this leave BR's plans for equipment to operate main-line passenger services? The success of the High Speed Train (HST) on non-electrified routes may give some clues for at least one course of action. The present proposal for the APT on the main line from London to Glasgow under 25kV. operation could arguably be one of the least appropriate applications of the APT's tilt-body technology. Rather, it would probably be more appropriate to use the Mk 3 coach (as used in the HST) or its successor either in fixed formation trains with special semi-permanently fixed power units, or use the Mk 3 in train load sets with conventional locomotives capable of operating at sustained speeds of 120 mph. The configuration of the main London-Glasgow line could probably accept the use of such a conventional but very fast train at such speeds without modification or passenger discomfort problems.

Tilt-body trains (diesel-powered) would probably be more beneficial on cross-country routes of a more circuitous nature, where substantial accelerations using conventional stock would be limited by the configuration of the line. What is worrying is that proposals for future electrification of a wider BR network are being linked (wrongly) with the APT, the failure of which could lead to an irrational prejudice against the adoption of electric traction which has been amply demonstrated to be more efficient and effective than the use of diesel power.

The use of high-speed, essentially conventional "wide body" trains on routes capable of accommodating them at speeds of 100 mph plus in service would seem to be (on the basis of HST experience) a realistic and practical alternative to the APT which has, so far, singularly failed to impress on the commercial front despite its technical elegance. The use of a de-rated APT, possibly diesel-powered for service on curvaceous cross-country or secondary routes, would seem to be a more effective and realistic option.

Philip N. Mortimer.
12, Seymour Road,
Upper Shirley,
Southampton.

Women doctors

From the Chairman, Standing Committee of Members, Royal College of Physicians

Sir,—Your report on "Women Doctors Campaign for Career Prospects" (March 5) refers to the campaign launched by the Medical Womens Federation to improve prospects for doctors who, after having children, frequently find difficulty in rejoining the medical profession.

May I point out that the Royal College of Physicians is well aware of this need and the Standing Committee of Members of the College produced an information booklet on "part-time postgraduate training in medicine." This booklet is freely available from the College.

We very much hope that the Department of Health will be more flexible so that the country will get the benefit of the expertise of those who wish to continue their careers, although they may not necessarily be full-time.

Brian J. Kirby,
Royal College of Physicians,
11, St. Andrews Place,
Regents Park,
London, NW1

Scrap prices

From the Chairman, Hamworthy Engineering, Ltd.

Sir,—I was amazed to read under the heading "Japan's Shipbuilding Share falls" (April 4) the statement that a higher level of scrapping is regarded as unlikely because of a shortage of breaking facilities and lack of demand for scrap.

I would point out that scrap prices in Europe and America are soaring—from the mid-£40s to mid-£70s per ton — and that the demand for scrap in the Far East is one of the causes of this problem. Foundries, and many mills, in this country have a high demand for scrap and I should have thought it not beyond the imagination of a shipbuilding industry to convert quickly to ship-breaking, knowing there is a large market looking for lower-priced scrap in this country and Europe.

D. A. Smith.
Hamworthy Engineering Ltd.,
Flects Corner, Poole, Dorset.

Today's Events

GENERAL

UK: Mr. James Callaghan launches Labour's general election campaign, starting nationwide tour in Glasgow.

BL (British Leyland) conference of senior executives and union leaders discuss collaboration with Japanese car manufacturer Honda.

Talisman, the Stock Exchange's new computerised settlement system, becomes fully operative.

Teachers' pay talks resume.

Department of Industry publishes March provisional wholesale price index numbers.

National Union of Bank Employees conference, Glasgow University (until April 11).

Association of Broadcasting Staffs conference, Surrey University, Guildford.

Sir William Barlow, Post Office chairman, speaks at lunch, Chandlers Hall, London.

Mr. Milton Friedman, U.S. economist, gives Harry G. Johnson memorial lecture, at Royal Society, London.

Business information in the 80s conference opens, Royal Garden Hotel, London.

Overseas: EEC Environment Council meets in Luxembourg.

EEC Agriculture Ministers start two-day meeting in Luxembourg.

Central Bankers meet in Basle for two days.

Organisation of Arab Petroleum Exporting Countries (OAPEC) meet in Kuwait to discuss Iran's proposal to suspend Egyptian membership of the organisation.

COMPANY RESULTS

Final dividends: Aurora Holdings, Blackwood Hodge, Dares Estates, Dorada Holdings, Greenbank Industrial Holdings, Hambro Life Assurance, Huntleigh Group, London Pavilion, Richards (Leicester), Rowntree Mackintosh, Wilmot - Breeden (Holdings), Yorkshire Fine Woollen Spinners. Interim dividends: Bryant Holdings, Glaxo Holdings, Highland Distilleries Company.

COMPANY MEETINGS

See Financial Diary on

Allen Harvey chairman on dividend prospects

IF DIVIDEND legislation continues, Mr. M. E. Allsop, chairman of Allen Harvey and Ross, the London discount house, tells shareholders that, "it will not always be sensible" to pay the maximum allowable distribution.

In the cyclical market of discount houses he feels that dividend forecasts become even more haphazard than usual. In 1978-79 the group has effectively raised the total to a maximum permitted 21.44p.

The chairman stresses in his annual statement that events in the money market are now moving so fast it is extremely difficult to give shareholders an up-to-date and relevant report.

The balance-sheet at February 5 showed total assets down from £256m to £232m, a normal reduction in the face of rising interest rates. The policy of allowing year-end liquidity to build up without reinvesting is also indicated by the exceptionally large figure of money at call and short notice. This position is a very defensive one which was almost completely reversed within a short time of February 5, notes the chairman.

However, the group's holdings of dollar certificates of deposit has increased largely due to a trading arrangement with Ehrlich-Bober and Co. of New York. A full London partnership has now been formed providing Allen Harvey with a contact in the North American money markets and its partners with a window on the London and Euro-dollar markets.

On the home front the group has formalised its gilt-edged dealing and advisory services and several new subsidiaries have been formed under Allen Harvey and Ross Investment Management.

Referring to the results for the year ended February 5, 1979, the chairman states that in a deteriorating situation the money market departments managed to trade profitably. But after overheads and tax the group found it desirable to make a transfer from inner reserves to produce a profit of £585,563 which compared with £1.06m.

Meeting: 46, Cornhill, EC, April 30 at 12.30 pm.

SAINT PIRAN

The dissident shareholders at Saint Piran have challenged the assertion of Mr. Henry Hodding, the chairman, that the reconvened EGM on Wednesday will be a formality.

In a letter to shareholders sent over the weekend, the dissidents urge shareholders to attend the reconvened meeting. They ask whether the directors acted correctly and in good faith in their conduct of the poll to decide whether the Board should be replaced with representatives of the dissidents. "Shareholders might enquire why the views of independent scrutineers were brushed aside," they say.

Growth at Brooks Watson

FURTHER PROGRESS was achieved by Brooks Watson Group in the second half of 1978 with the pre-tax profits advancing by 44 per cent to £1.15m. This takes the total for the year up to a record £2m—an increase of almost 33 per cent on 1977.

In the first quarter of 1979 trading has been satisfactory and the directors anticipate that the group will show further growth in the current year.

Earnings per 20p share for 1978 are stated to be up from 6p to 7.42p and the dividend total is stepped up (from 2.08p to 2.6p, with a final of 1.95p.

Sales of this Dublin-based group in 1978 rose from £72.16m to £83.85m. Tax requires £725,000 (£473,000), minorities £3,000 (£5,000) and last year there were extraordinary debits of £529,000. The balance retained is £527,000 (£243,000).

	1978	1977
	£000	£000
Farm engineering, etc.	1,115	927
Food	948	783
Builders' providers	547	271
Pharmaceutical	240	154
Total-operating	2,850	2,100
Less charges and int.	848	592
Profit before tax	2,002	1,508

FIRE DELAYS AT ABEL MORRALL

Payment of final dividend and publication of the 1978 report and accounts of Abel Morrall have been delayed because of a fire at the company's Clive Works in January which destroyed some accounting record.

Previously the final has been paid before April 5. This time the directors have declared a second interim of 1p net per 25p share bringing the distribution so far to 1.576p. In 1977 a total of 2.419p was paid. The directors will consider recommendation of the final when the accounts are sent to shareholders.

Although progress on the accounts is satisfactory it will not be possible to despatch them for another two months, at least, the directors say.

Evered up £0.2m: pays extra 0.6p

THANKS to much better performances by the rolling mill and British Castors, Evered and Co. Holdings reports group profits sharply ahead from £121,746 to £319,360 in 1978.

This result, which accords with the directors' interim forecast of a substantial increase, confirms the turnround in the group's fortunes achieved in the last three years. In the years 1974 and 1975 the group had totted up losses of £864,000 but the deficit was cut to £158,000 in the following year and the group returned to profits in 1977.

The directors explain that the principal factors behind the profit increase were considerably improved performances from the rolling mill and British Castors which continues the progress made by these two divisions over the last few years.

The dividend total is increased from 0.4p to 1.0p, with a final of 0.65p. This represents partial restoration of previous cuts.

The group manufactures non-ferrous strip, tube and extrusions, industrial and consumer products and plastics materials, castors and wheels, locks and security systems.

DRAKE & SCULL CONVERSION

The directors of Drake and Scull Holdings announce that institutional shareholders of 500,000 of the 8.45 per cent "E" convertible cumulative redeemable preference shares, which were acquired from Banque Bruxelles Lambert last year, exercised their option to convert their holdings into ordinary shares.

The issued ordinary capital is now £3,979,496 comprising 15,917,985 shares.

Westminster Property loss: accounts qualified

The auditors of Westminster Property Group have qualified heavily the report and accounts for the year to September 30, 1978, which also show a collapse into losses of £26,599 pre-tax compared with profits of £67,000 the previous year.

Morrison Stoneham and Co., the auditors, point out that the accounts make no provision for the "deficiencies between cost of investments in subsidiary companies and net book value" of those companies amounting to £519,000 in the accounts of the parent.

They also decline to confirm that the Lisbon development ought to be included in the accounts at £1.7m cost, including capitalised interest.

Finally, they note that the company's future depends on continuing support from its bankers both in the UK and Portugal.

These comments accompany figures which show that interest charges were reduced to £431,461 (of which £244,633 is attributable to Portugal) from £593,947 (£211,746 in Portugal), and there was an exceptional credit of £18,244 arising from Portugal.

Mr. R. A. Edwards, the chairman, explains that the interest charges have fallen as a result of property sales which have permitted UK overdrafts to be reduced, although group overdrafts have remained virtually stagnant at £1.5m and cash and bank balances have declined from £40,000 to £7,000.

Profits before interest are made up of income from investment property of £32,000 (£65,000); property sales of £60,000 (£403,000) and a profit from the hotel of £3,200. In addition there has been a transfer from reserves of £254,000, virtually all amounting to the interest on the Portuguese development. This compares with an equivalent for the previous year of £148,844.

The "superstructure" of the Portuguese building is expected to be completed by the end of next month at which stage the company hopes to sell it on to a prospective owner-occupier.

In the meantime, as already known, Sir Alfred McAlpine has agreed to convert its £0.3m loan on the foreign schemes into shares.

This is part of the reconstruction package which will also involve a reverse takeover by Eaglemoor Limited, a private company, into Westminster.

Westminster has virtually run out of UK properties it can sell and urgently needs income to cover its outgoings. Eaglemoor has an income producing property, and a 75,000 sq ft factory let on a rent of £163,400 a year, producing £120,000 net.

According to the group's agents, Weatherall Green and Smith, the rent is higher than current market rental values. The property is let to Graylaw Properties which is a major shareholder in Eaglemoor. Mr. Victor Gray will join the Westminster Board if the Eaglemoor takeover succeeds.

Graylaw has guaranteed that Eaglemoor's net assets will amount to not less than £1.8m (including £200,000 of cash) and has also warranted to buy back a development site owned by Eaglemoor for £575,000 if development is prevented by lack of funds.

The offer documents which describe the transactions include a pro forma balance sheet showing net tangible assets of 17p against the present 14p and a positive cash flow. For this reason the Board will vote its 19 per cent behind the deal.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Bryant Holdings, Glaxo, Highland Distilleries.

Finals:—Aurora Holdings, A. and C. Black, Blackwood Hodge, Dares Estates, Dorada Holdings, Edinburgh Investment Trust, Greenbank Industrial, Hambro Life Assurance, Hunsleigh, London Pavilion, Manor National Group Motors, Richards (Leicester), Rowntree Mackintosh, Yorkshire Fine Woollen Spinners, Wilmot Breeden.

FUTURE DATES

Interims:—

Forward Technology	Apr. 19
Serck	May 10
Walker and Homer	Apr. 11

Finals:—

Assoc. Biscuit Manufacturers	Apr. 10
Automotive Products	Apr. 12
Dundee-Combex-Marx	Apr. 17
Jerome (S.)	Apr. 10
Milton Holdings	Apr. 10
Renown Inc.	Apr. 18
Vickers	Apr. 26
Viking Resources Trust	Apr. 11

Yule Catto set for good year

In his annual review, Lord Catto, chairman of Yule Catto and Co., tells members that he has no reason to believe that the current year's results will be any less satisfactory than those for 1977-78.

As reported on March 16, against expectations, taxable profits for the year ended October 28, 1978 were 13 per cent higher at £2.8m (£2.49m) on turnover of £12.74m (£10.14m). The final dividend is 1.54p, compared with a total previously of 1.387p, in addition to the 11p capital repayment made last October.

The chairman *says that* the effect of increased world oil prices is still unclear but he expects this to strengthen the *group's plantations'* commodities prices, and the resulting profits from Malaysia.

He adds, however, that the effect on UK economic activity and on the price of plastic materials could limit the growth in the markets which Williaam Cox serves.

The chairman is hopeful that the good business relationship with the Johore State Economic Development Corporation, through Yule Catto Plantations, will in due course provide profitable outlets for expansion of the group's *Malaysian operations.*

Profits from rubber and oil palms rose from £1.97m to £2.48m but results of the plastics division were unsatisfactory; profits were down from £438,000 to £159,000. The associate in Eire in this division, however, "made an excellent contribution to the group."

The marina's side of the business improved, profits from *£124,000 to £164,000.*

Meeting, New Bond Street House, W, May 3 at noon.

Viking Oil seeks North Sea cash

A rights issue to raise £280,000 net is announced by Viking Oil *in order to fund a seismic programme* in the North Sea.

A total of 300,000 new ordinary shares of £1 are being issued at *par on* the basis of one-for-seven.

Viking shares are not listed on the Stock Exchange and the directors say they do not intend to apply for a listing at the present time. But the Stock Exchange has granted permission for dealings in the ordinary *shares* under Rule 163 (3) with effect from today—it is expected that dealings in the new shares will begin on May 1.

The exploration *group* of which Viking Oil is a member, is planning to evaluate more closely the prospects in the northern part of its North Sea block 16/12.

Directly to the north, in block 16/7, the Marathon group is planning to develop its oil find, the South Brae Field, and Viking's group, led by Placid Oil, is anxious to test whether the Brae structure extends into its own block.

High level of activity continues at Kleinwort

THE HIGH level of activity at Kleinwort, Benson, Lonsdale, investment holding concern, which was a feature of the latter *months of 1978*, has continued into the current year giving the group a good start to 1979, says Mr. R. A. Henderson, the chairman, in his annual review.

He adds that the directors believe, looking further to the future, that their policy of steadily broadening the scope of activities and increasing overseas operations, will enable Kleinwort to maintain and gradually improve its position in what he says are highly competitive markets.

As reported on March 14 a second half boost left the group *with record taxable profits of* £9.08m (£7.48m) for 1978 and the dividend is stepped up to 4.60089p (4.15762p) net per share with a 2.80089p final.

Mr. Henderson says the corporate finance division had a good year despite the reduced level of activity in the major world capital markets. The amount of bond business transacted for investment clients in the primary and secondary markets continued to grow, and the overall level of profit was satisfactory.

Funds under management in *the investment division* increased further and reached around £1bn by December 31. The business of this division was transferred on April 1, 1978, to a new and wholly-owned subsidiary, Kleinwort Benson Investment Management, the first nine months operations of which, "have been encouraging."

The *chairman* says that despite the current low level of international trade and intense competition in world markets, the group's project side has a higher volume of potential export credit business under discussion than ever before.

During the year the division's capability in the specialised field of oil and mining finance was strengthened; the opportunities in this field are considered promising, he states.

Sharps Pixley, in the bullion business, had an excellent year *Mr. Henderson* says, with profits well in excess of 1977. Also the two manufacturing subsidiaries, J. S. Knight and Son, and Edward Day and Baker, had a good year with record results.

Meeting, 20, Fenchurch Street, E.C., May 1 at noon.

FT Share Service

The following securities have been added to the Share Information Service appearing in the Financial Times:—

Abercom Investments (Section: Overseas - Johannesburg - Industrials).

Amber Industrial Holdings (Section: Industrials).

Cropper (James) (Section: Paper).

DiGiorgio Corporation (Section: Overseas-New York).

Gresham Industries (Section: South Africans).

BIDS AND DEALS

Option exercised on RKT shares

Mr. Henry Schuldenfrei and Mr. Bernard Garbacz have exercised their option to acquire 527,071 shares in Robert Kitchen Taylor, the fast-recovering textile group, from Mr. W. S. Hersham.

The stake, worth just under £1m at RKT's market price of 184p *last Friday, gives them a* financial interest in the success of their legal action against three directors of the company and various others.

They are claiming that the sale of shares of the company which were held in trust for the benefit of the company itself was in breach of the directors' duty. The shares were sold at a time when the shares were much lower than they are now.

The buyers of the shares *included certain directors and* associated companies. One of these, London Trust, has acquired a further 55,000 shares increasing *its stake to 505,000 shares* (14.54 per cent). Its subsidiary, Abingdon Trust, holds another 262,500 shares.

DOWTY BUYS

In a share exchange and cash deal worth £250,000 Dowty Group *has acquired Ripper Systems.* The share exchange element involves 75,000 shares valued at £230,000.

Ripper will become part of Ultra Electronic Communications. For the year ended April 30, 1978, the turnover and profit before tax of Ripper were £294,000 and £30,000 respectively.

EPC/OLYMPIA

N. M. Rothschild and Sons purchased £50,000 6½ per cent English Property Corporation convertible loan stock 1998-2003 at £140.40 on behalf of a company controlled by members of the family which also controls Olympia and York.

This purchase made on April 5 increases the aggregate holdings of the beneficial purchaser to 24.08m ordinary shares, 53,000 preference shares and £627,000 of 6½ per cent convertible loan stock of EPC.

AURORA DEAL

Aurora Holdings has acquired *the capital of* Stanton Gear and Engineering, whose principal operating companies are Rembrandt Machine Tools and Stanton Machine Tools, both located in Watford. The consideration is £300,000.

HAY'S WHARF BUYS SAFESTORE

Proprietors of Hay's Wharf has acquired Safestore (Holdings) for £196,976 satisfied as to £147,732 cash and 30,304 shares.

Safestore stores business documents and magnetic tapes.

BRIGHT/ASH UNCONDITIONAL

The offer from John Bright for Ash Spinning has become fully unconditional. Acceptances have *been received in respect of 93.12* per cent of the new ordinary and of the deferred. The offer remains open and the balance will be acquired compulsorily.

BRAID GROUP

Braid Group has paid £850,000 cash for Craners of Burton, the Ford car main dealer and truck dealer for Burton-on-Trent and surrounding districts.

Profit before tax of Craners for 1978 was £191,679. The balance-sheet at that date shows net tangible assets of £427,676 before provision for deferred tax of £217,878.

£2.5m hotel acquisitions

Vaux Breweries is to buy the *Hilltop Motor Hotel Company,* whose main asset is the Hilltop Motor Hotel at Carlisle, for £1.54m. Payment will be in the *form of 964,748* ordinary shares and arrangements have been made for Vaux's brokers to place these shares.

In a £825,000 *cash deal Prince* of Wales Hotels has acquired Hillcopse which, through its subsidiary, owns the lease of the Cairn Hotel, Harrogate, and a 13.5 per cent interest in Old Swan Hotel (Harrogate) a listed company.

The price is being based on the net asset value of Hillcopse at March 31, 1979. At April 28, last year the book value of the net assets of Hillcopse and its *subsidiary, including deferred* tax, amounted to £283,065. For 1977-78 taxable profit of its trading subsidiary was about £18,500.

Galleon World Travel Association, through its wholly owned subsidiary company, Garoncliff, has made an offer for the share capital of Southlands Hotel Ltd, *which owns both the Southlands* Hotel, Scarborough and the Unicorn Hotel, Ripon.

After taking account of heavy *borrowings, the bid values the* net assets of the company at £154,000.

The chairman and directors are recommending acceptance of 265p for each £1 ordinary share and for the £1 preference "A" shares and preference "B" *shares at par.*

They point out that although a rights issue raised £31,000 additional capital in July 1978 continued and heavy expenditure on the modernisation of both hotels has resulted in substantial interest payments which in turn have seriously depleted profits.

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Knowsley (051 548 6555)	11¾	½-year	1,000	5-7
Redbridge (01-478 3020)	11½	½-year	200	4-5
Redbridge (01-478 3020)	12	½-year	200	6-7
Sefton (051 922 4040)	11½	½-year	2,000	5-7
Wrekin (0952 505051)	11	yearly	1,000	6-10

Companies and Markets **INTNL. COMPANIES and FINANCE**

Thomson bids more for larger stake in The Bay

BY JIM RUSK IN TORONTO

A FIERCE bidding war for Hudson's Bay Company heated up again yesterday when the Thomson family raised its bid for the Bay for a second time.

The Thomson interests are now unconditionally offering C$37 a share for some 17.32m. A shares representing 75 per cent of The Bay's common stock.

The C$640.8m bid is worth almost C$158m more than Thomson's earlier bid of C$35 a share for 60 per cent of The Bay.

The latest bid is the fifth in a bid battle that started in late March, after Bay directors rejected the original offer of C$31 a share for 51 per cent of The Bay by Woodbridge and Thomson Equitable (International), Toronto-based holding companies owned by the family and heirs of the late Lord Thomson of Fleet. Shortly after the rejection of the original Thomson bid, George Weston, the giant Toronto-based food merchandising and resource company, entered the bidding with an offer of C$40 a share in cash or Preferred stock.

Thomson responded by raising its bid to C$35 a share for 60 per cent which was matched by Weston late last week when it raised its C$40 bid to seek maximum of 60 per cent of the A shares and a minimum of 45 per cent.

The Bay's directors were scheduled to meet yesterday afternoon in Toronto with their recommendation to shareholders expected late last night (London time).

In a parallel development, the Ontario Securities Commission planned a rare Sunday afternoon hearing to consider Thomson objections to a unique plan that Weston developed to head off a possible stampede of shareholders to Thomson.

Although the Weston bid is higher than the Thomson bid on a per-share basis, Weston's managers, headed by Burns Fry, fear that many Bay shareholders will tender to Thomson as the Thomson bid runs out before the Weston bid.

Roughly half the Bay's shares are in pensions and trust accounts controlled by a relatively small number of professional managers. Weston fears that these shares will be tendered to the lower Thomson bid, which now expires on April 17, if managers feel that the Weston bid, which expires on April 26, is failing. As a consequence Weston managers are offering Bay shareholders an escrow plan by which Bay shares could be tendered to Weston's managers and held in escrow. If the Weston bid had not blocked the Thomson bid by the day before the Thomson bid expires the shares would be released from escrow and tendered to Thomson if the shareholder so desire.

Diverse aid plan put forward for Manufrance

By Terry Dodsworth in Paris

FUNDS of at least FFr 30m ($7m), and probably twice as much, could be made available to Manufrance, the near-bankrupt French retailing and manufacturing group, if the proposed new organisation to take over its affairs is established.

In a statement on the group's difficulties, M. Joseph Sanguedolce, the Communist mayor of St. Etienne, which owns 29 per cent of Manufrance, dismissed as "intolerable" the judgment of the local commercial court which said that a new rescue plan for the company must be concluded by today.

M. Sanguedolce said the moves were now well advanced to raise the necessary money for the group from diverse sources. A total of FFr 30m would be coming in equal parts from insurance group called MACIF, a printing company and the Government. In addition, a further FFr 12m could be expected from special aid funds, while the municipality itself was willing to guarantee loans of another FFr 30m.

Whether Manufrance can avoid another radical management change—it has had six managing directors in two years—remains in question.

Manufacturers Hanover in Iran decision

By John Wyles in New York

MANUFACTURERS Hanover Trust has been ordered by a New York appeals court to give two U.S. telecommunications companies 10 days' notice before honouring letters of credit to Iranian banks.

The ruling on Friday by the Appellate Division of the New York State Supreme Court was a partial victory for subsidiaries of American Telephone and Telegraph and General Telephone and Electronics. Although they have so far failed to win an injunction preventing Manufacturers Hanover from honouring letters of credit, they have secured the time to launch another legal bid to block payment permanently.

The case is being closely watched by the U.S. banking community because it is seen as possibly striking at the future of the letter of credit mechanism.

Hong Kong interest rates raised again

BY ANTHONY ROWLEY IN HONG KONG

A FURTHER round of interest rate increases—the eighth in the space of a year—was initiated this weekend by the Exchange Banks Association here, and will take effect tomorrow.

Immediately after the EBA decided to raise deposit rates further, the Hongkong and Shanghai Banking Corporation, the Chartered Bank and the Chase Manhattan Bank announced a half-point rise in prime rate, to 11½ per cent, also with effect from tomorrow.

Deposit rates are being raised so that the yield on savings, seven-day call and three-month deposits will rise to 8½ per cent, on six-month deposits to 7½ per cent and on one-year deposits at commercial banks to 8¼ per cent.

The latest rise in the best lending, or prime, rate is seen as a further move to support the languishing Hong Kong dollar which has shown marked weakness in foreign exchange markets in recent weeks.

In February, the total bank loans and advances outstanding was at HK$ 56.6bn (US$ 11.3bn), some 47 per cent up on the level a year earlier, and 2.7 per cent up on the January level.

The level of loan demand, buoyed up by demand from the construction sector as well as for private consumption, is a cause of continuing concern for the authorities here, and last week new statutory instruments were tabled giving the Government power to impose stricter liquidity requirements on banks and quasi-banks or deposit-taking companies.

Setback for Migro Geneva

By Brij Khindaria in Geneva

THE LARGEST supermarket and foodstore chain in Switzerland's French-speaking areas, Migro Geneva S.A., reported a 63 per cent fall in its gross profit during the 1978 financial year, mainly because of the Swiss franc's revaluation.

The gross profits stood at SwFr 654,700, while the total turnover was SwFr 548.7m ($320.8m)—about 0.25 per cent below the 1977 figure. Cash flow fell by 35 per cent to SwFr 6.89m.

PENDING DIVIDENDS

For the convenience of readers the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming Board meetings (indicated thus*) have been officially published. It should be emphasised that the dividends to be *declared will not necessarily be at the amounts or rates per cent* shown in the column headed "Announcement last year."

	Date	Announcement last year		Date	Announcement last year
Akroyd and Smithers	May 10	Int. 5.0	Marks and Spencer	May 3	Final 2.544
Allied Irish Banks	May 10	Final 4.5 fcst.	*Menzies (John)	Apr. 24	Final 1.34 fcst.
*Assocd. Biscuit Manufctrs.	Apr. 10	Final 1.88 fcst.	*Miner	Apr. 10	Final 1.271
*Aurora	Apr. 9	Final 3.96	Mothercare	May 4	Final 1.904
*Babcock and Wilcox	Apr. 11	Final 2.892	Mowlem (John)	Apr. 20	Final 5.0
Barrow Hepburn	Mar. 8	Final 1.9331	Nat. and Comm. Bank	May 4	Int. 1.375
Blue Circle Inds.	Apr. 13	Final 6.4523	Newman Inds.	May 11	4.5 forecast
*British Home Stores	Apr. 30	Final 3.473	Pearson Longman	Apr. 21	Final 4.236
*British Sugar	May 3	Int. 1.65	Pearson (S.)	Apr. 21	Final 4.909
Brixton Estate	May 8	Final 0.662	P & O	May 3	Final 3.542
Burton	May 11	Int. 0.6	Ready Mixed Concrete	Apr. 13	Final 3.27
*Cape Inds.	Apr. 8	Final 5.302	*Reed (Austin)	Mar. 29	Final 1.859
*Charterhse.	Apr. 19	Final due	*Rowntree Mackintosh	Apr. 9	Final 5.4175
*Coral Leisure	Apr. 12	Final 3.6 fcst.	*Rugby Portland Cement	Apr. 23	Final 1.809
*Croda Intnl.	Apr. 11	Final 1.192	Sainsb'y (J.)	May 3	Final 3.987
Currys	Apr. 17	Final 4.54	Sears Hldgs.	May 4	Final 2.58
*Dickinson Robinson	Apr. 10	Final 4.448	Simon Engineering	Apr. 24	Final 5.0852
Dunlop	Apr. 20	Final 2.65	*Smith (W. H.)	Apr. 11	Final 0.2978
*Eagle Star	Apr. 11	Final 3.1282	*Smiths Inds.	Apr. 10	Int. 3.2853
European Ferries	Apr. 26	Final 1.8	Smurfitt (Jefferson)	Apr. 27	Final 4.867
Gerrard Nat. Discount	Apr. 26	Final 4.171	*Tarmac	Apr. 27	Final 6.234
*Gill and Duffus	Apr. 10	Fin. 2.584 fcst.	*Telephone Rentals	Apr. 25	4.3
*Glaxo	Apr. 9	Int. 4.5	Tozer Kemsley & Millbourn	Apr. 25	Final 2.2702
*Glynwed	Apr. 11	Final 5.75	Travis and Arnold	Apr. 25	Final 3.1219
*Guardian Royal Exchange	Apr. 11	Final 5.9304	UDS	May 4	Final 3.0
Hall (Matthew)	May 11	Final 5.322	United Scientific	May 9	Int. 3.0
Hammerson Prop. and Inv.	Apr. 28	Final 5.46	Vaux Breweries	May 12	Int. 1.485
*Hawker Siddeley	Apr. 11	Final 2.201	*Vickers	Apr. 26	Final 5.0964
Hepworth (J.)	Apr. 21	Int. 0.72	Wadham Stringer	May 2	Final 1.21
*Hawden Stuart	Apr. 10	Final 0.8684	Wimpey (George)	Apr. 27	Final 0.6810
LWT	Mar. 30	Int. 3.555			
*Laing (J.)	Apr. 30	Final 1.869			
*Lead Inds.	Apr. 11	Final 4.37			
Lloyds and Scottish	May 11	Int. 1.7			

* Board meetings intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made from reserves.

BASE LENDING RATES

A.B.N. Bank	12 %	■ Hambros Bank	12 %
Allied Irish Banks Ltd.	12 %	■ Hill Samuel	§13 %
Amro Bank	12 %	C. Hoare & Co.	†12 %
American Express Bk.	12 %	Julian S. Hodge	13 %
A P Bank Ltd.	13 %	Hongkong & Shanghai	12 %
Henry Ansbacher	12 %	Industrial Bk. of Scot.	13½ %
Associates Cap. Corp.	14 %	Keyser Ullmann	12 %
Banco de Bilbao	12 %	Knowsley & Co. Ltd.	14½ %
Bank of Credit & Cmce.	12 %	Lloyds Bank	12 %
Bank of Cyprus	12 %	London Mercantile	12 %
Bank of N.S.W.	12 %	Edward Manson & Co.	14 %
Banque Belge Ltd.	12 %	Midland Bank	12 %
Banque du Rhone et de la Tamise S.A.	12½ %	■ Samuel Montagu	12 %
Barclays Bank	12 %	■ Morgan Grenfell	12 %
Bremar Holdings Ltd.	13 %	National Westminster	12 %
Brit. Bank of Mid. East	12 %	Norwich General Trust	12 %
Brown Shipley	12 %	P. S. Refson & Co.	12 %
Canada Perm't Trust	12 %	Rossminster	12 %
Cayzer Ltd.	12 %	Royal Bk. Canada Tst.	12 %
Cedar Holdings	12 %	Schlesinger Limited	12 %
■ Charterhouse Japhet	12½ %	E. S. Schwab	12 %
Choulartons	13 %	Security Trust Co. Ltd.	13 %
C. E. Coates	12 %	Shenley Trust	15 %
Consolidated Credits	13 %	Standard Chartered	12 %
Co-operative Bank	*12 %	Trade Dev. Bank	12 %
Corinthian Securities	12 %	Trustee Savings Bank	12 %
Credit Lyonnais	12 %	Twentieth Century Bk.	13 %
The Cyprus Popular Bk.	12 %	United Bank of Kuwait	12 %
Duncan Lawrie	12 %	Whiteaway Laidlaw	12½ %
Eagil Trust	12 %	Williams & Glyn's	12 %
English Transcont.	12½ %	Yorkshire Bank	12 %
First Nat. Fin. Corp.	15 %		
First Nat. Secs. Ltd.	14 %		
■ Antony Gibbs	13 %		
Greyhound Guaranty	12 %		
Grindlays Bank	‡12 %		
■ Guinness Mahon	12 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 9¼%, 1-month deposits 9½%.
† 7-day deposits on sums of £10,000 and under 9½%, up to £25,000 10% and over £25,000 10½%.
‡ Call deposits over £1,000 9½%.
§ Demand deposits 11%.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
195	F.P.	[illegible]	[illegible]	[illegible]	Appl. Computer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	F.P.	[illegible]	[illegible]	[illegible]	Caledonian Hldgs.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Hunting Assoc. Defd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	M.Y. Dart Defd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Sedgwick F.New10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+ or −
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Chepstow Race's 9% Cnv. Uns. Ln. 1988	[illegible]	[illegible]
99¾	[illegible]	[illegible]	[illegible]	[illegible]	Cleveland (County of) Var. Rate 1984	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Eng. Assoc. Sterling Fd. Part. Red. Pref.	[illegible]	[illegible]
§100	[illegible]	[illegible]	[illegible]	[illegible]	Grant (James) 10½% Pref.	[illegible]	[illegible]
96	[illegible]	[illegible]	[illegible]	[illegible]	ICFC 12¼% Uns Ln 1992	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Lee Valley Water 8% Red. Prf. 1985	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Lyles (S.) 11% Cum. Pref.	[illegible]	[illegible]
72½	[illegible]	[illegible]	[illegible]	[illegible]	MEPC 8½% Conv. Uns. Ln. 1995-2000	[illegible]	[illegible]
98	[illegible]	[illegible]	[illegible]	[illegible]	Mid-Southern Water 8% Red. Pref 1984	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Tricoville 10¼% Pref.	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −
115	F.P.	[illegible]	[illegible]	[illegible]	Brammer (H.)	[illegible]	[illegible]
60	F.P.	[illegible]	[illegible]	[illegible]	Burco Dean	[illegible]	[illegible]
88	F.P.	[illegible]	[illegible]	[illegible]	Cement-Roadstone	[illegible]	[illegible]
33	F.P.	[illegible]	[illegible]	[illegible]	Hirst & Mallinson	[illegible]	[illegible]
185	F.P.	[illegible]	[illegible]	[illegible]	Johnson Matthey	[illegible]	[illegible]
67	F.P.	[illegible]	[illegible]	[illegible]	Macpherson (D.)	[illegible]	[illegible]
34	Nil	[illegible]	[illegible]	[illegible]	Norfolk Cap. Hotels	[illegible]	[illegible]
44	Nil	[illegible]	[illegible]	[illegible]	Park Place Invs.	[illegible]	[illegible]
225	F.P.	[illegible]	[illegible]	[illegible]	Rank Org.	[illegible]	[illegible]
59	F.P.	[illegible]	[illegible]	[illegible]	Redman Heenan	[illegible]	[illegible]
27	F.P.	[illegible]	[illegible]	[illegible]	Sekers Intl.	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. |||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security.

INSURANCE BASE RATES

† Property Growth 11½%
† Vanbrugh Guaranteed 10%
† Address shown under Insurance and Property Bond Table.

CURRENCIES, MONEY and GOLD

Interest rate problems

BY COLIN MILLHAM

Talk of changes in central bank discount rates has been heard in two or three major centres over the past week or so, but as yet only the Bank of England has made any move. The cut in Minimum Lending Rate was intended to stem the flow of foreign money into Britain, but elsewhere any change will be for very different reasons.

Belgium's interest rates were unchanged last week, but any rise in the discount or Lombard rates in the near future will cause little surprise, following the rise in the German Bundesbank discount and Lombard rates at the end of last month, and the continuing weakness of the Belgian franc in the European Monetary System. Belgium's currency has been the weakest member of the EMS since the system began on March 13.

Another country troubled with a relatively weak currency is Japan. Trading in the Tokyo foreign exchange market has been made even more nervous by speculation about a possible rise in the Bank of Japan discount rate from 3½ per cent, where it has been since March last year.

Last month was particularly bad for the yen, and it received very heavy support from the Japanese authorities. This was reflected in the record fall of $3.574bn to $28.513bn in the country's foreign currency reserves in March. This was more than treble the previous record monthly drop, and took Japan's reserves to their lowest level since last June.

April may turn out to be a similar month. Bank of Japan support for the yen involved sales of over $1.5bn in just two days at the beginning of last week. The dollar rose to a 10 month high of Y216.80 against the yen in Tokyo on Wednesday, before easing slightly, but still remained much firmer than the previous week.

Japan's major problem is oil. The country is heavily dependent on imported energy, and the recent problems over oil price and supply will hit Japan more than most other oil importers. There is also a suggestion of increased inflationary problems, with reports that consumer prices rose by almost 1 per cent in the Tokyo area during March.

GOLD

	Apr. 6	Apr. 5
Gold Bullion (fine ounce)		
Close	$239¼-240 (£114.7-115.0)	$240-241¼ (£116.0-116.3)
Opening	$239¼-240¼ (£114.9-115.3)	$240¼-241 (£116.5-116.6)
Morning fixing	$239.95 (£114.883)	$240.50 (£116.341)
Afternoon fixing	$239.75 (£114.878)	$240.65 (£116.312)
Gold Coins, domestically		
Krugerrand	$252-256 (£125¼-127¾)	$253¼-255½ (£125-127)
New Sovereigns	$68½-70½ (£32¾-33¾)	$67¼-69¼ (£32¾-33¾)
Old Sovereigns	$73-75 (£35¼-36¼)	$73¾-75¾ (£35¼-36¼)
Gold Coins, internationally		
Krugerrand	$246-248 (£119-120)	$247¼-249¼ (£118¼-119¼)
New Sovereigns	$62¼-64¼ (£30-31)	$63¼-64¼ (£30-31)
Old Sovereigns	$73-75 (£35¼-36¼)	$73¼-75¼ (£35¼-36¼)
$20 Eagles	$316-321	$317-322
$10 Eagles	$183-187	$180-185
$5 Eagles	$121-126	$119-124

CURRENCY RATES

April 6	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	13	0.614066	0.643717
U.S. $	9½	1.28086	1.34892
Canadian $	11¼	1.47199	1.54463
Austria Sch.	3¾	17.3699	18.3991
Belgian F	6	38.2459	40.0963
Danish K	8	—	7.04928
D mark	3	2.41869	2.53597
Guilder	6½	2.60595	2.73150
French Fr.	9½	5.54657	5.81151
Lira	10½	1078.18	1130.40
Yen	3½	278.517	292.097
Norwgn. K.	7	6.56835	6.88516
Spanish Pes.	8	87.3860	91.7218
Swedish Kr.	6	—	5.85569
Swiss Fr.	1	2.19987	2.29841

OTHER MARKETS

Apr. 6	£	$		Note Rates
Argentina Peso	2482-2486	1190-1192	Austria	26¼-26¾
Australia Dollar	1.8780-1.8820	0.8995-0.9015	Belgium	63¾-64¾
Brazil Cruzeiro	47.63-48.63	22.83-23.30	Denmark	10.90-11.00
Finland Markka	8.33-8.34	3.9945-3.9965	France	8.90-9.00
Greek Drachma	75.748-77.583	36.30-37.15	Germany	3.87-3.97
Hong Kong Dollar	10.4630-10.4830	5.0160-5.0200	Italy	1,725-1,765
Iran Rial	150.85-155.50	72-75	Japan	447-457
Kuwait Dinar (KD)	0.573-0.583	0.2772-0.2773	Netherlands	4.17-4.27
Luxembourg Frc.	62.15-62.25	29.80-29.81	Norway	10.64-10.74
Malaysia Dollar	4.6300-4.6425	2.2190-2.2210	Portugal	93-101
New Zealand Dlr.	1.9805-1.9865	0.9485-0.9515	Spain	140.5-145.5
Saudi Arab. Riyal	6.99-7.09	3.3780-3.3760	Switzerland	3.50-3.60
Singapore Dollar	4.5900-4.6025	2.2000-2.2010	United States	2.0825-2.0925
Sth. African Rand	1.7650-1.7750	0.8450-0.8500	Yugoslavia	39¼-43

Rate given for Argentina is free rate.

THE DOLLAR SPOT AND FORWARD

April 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nethlnd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
W. Ger.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK, Ireland and Canada are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

April 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nethlnd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
W. Ger.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgium rate is for convertible francs. Financial franc 62.85-62.95. Six-month forward dollar 0.85-0.80c pm; 12-month 1.10-1.00c pm.

EXCHANGE CROSS RATES

Apr. 6	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.087	3.943	448.0	9.025	3.568	4.245	1752.	2.400	62.20
U.S. Dollar	0.479	1.	1.890	214.7	4.324	1.710	2.035	839.8	1.150	29.81
Deutschemark	0.254	0.529	1.	113.6	2.289	0.905	1.077	444.5	0.609	15.78
Japanese Yen 1,000	2.232	4.657	8.800	1000.	20.14	7.963	9.475	3911.	5.357	138.8
French Franc 10	1.108	2.313	4.370	496.5	10.	3.954	4.705	1942.	2.660	68.94
Swiss Franc	0.280	0.585	1.105	125.6	2.529	1.	1.190	491.2	0.673	17.44
Dutch Guilder	0.236	0.492	0.929	105.5	2.125	0.840	1.	412.8	0.565	14.65
Italian Lira 1,000	0.571	1.191	2.250	255.7	5.149	2.036	2.423	1000.	1.370	35.50
Canadian Dollar	0.417	0.869	1.643	186.7	3.759	1.486	1.769	730.1	1.	25.92
Belgian Franc 100	1.608	3.355	6.338	720.3	14.51	5.736	6.825	2817.	3.859	100.

LONDON MONEY RATES

Apr. 6 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills Φ	Eligible Bank Bills Φ	Fine Trade Bills Φ
Overnight	—	10⅝-30	—	—	—	11⅜-11½	10¾-12	—	—	—
2 days notice	—	—	11½-11⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11½-11⅝	11⅝-11⅞	—	12	11¾	11¼-11½	—	—	—
One month	11⅛-11⅟₁₆	11⅛-11⅟₁₆	11⅜-11½	11¾-12⅛	12	11¾	11¼	11¼-11⅓	11⅝-11½	12¼
Two months	11½-11⅟₁₆	11⅟₁₆-11⅛	—	11⅝-11¾	11⅞	—	11	11⅓	11½-11⅜	12⅛
Three months	11⅜-11⅟₁₆	11⅜-11⅛	11⅜-11¼	10¾-11⅛	11¾	11⅛-11⅝	11	11⅟₁₆-11⅛	11⅝-11⅟₃₂	12
Six months	11-10⅞	11⅛-11¼	11⅛-11¼	10⅝-10¾	11½	—	—	—	11⅟₁₆	12
Nine months	10⅞-10¾	11-11⅛	—	10¾-11	11½	—	—	—	—	—
One year	10¾-10⅝	10⅞-11	10⅞-11	10¾-11	11½	—	—	—	—	—
Two years	—	—	11-11¼	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rates nominally three years 11⅜-11½ per cent; four years 11½-11¾ per cent; five years 11¾-12 per cent. ΦBank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 10⅟₁₆-11 per cent; four-month trade bills 12 per cent.

Approximate selling rates for one-month Treasury bills 11⅛ per cent; two-month 11⅟₁₆-11⅛ per cent; three month 11⅟₁₆-11⅛ per cent. Approximate selling rate for one-month bank bills 11⅟₁₆-11½ per cent; two-month 11⅜-11⅟₁₆ per cent; and three-month 11⅛-11⅟₃₂ per cent; one-month trade bills 12⅛ per cent; two-month 12 per cent; and three-month 11⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13 per cent from April 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 9-9½ per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11 1550 per cent.

MONEY RATES

NEW YORK

Prime Rate	11.5-11.75
Fed Funds	10
Treasury Bills (13-week)	9.43
Treasury Bills (26-week)	9.27

GERMANY

Discount Rate	4
Overnight Rate	5.40
One month	5.45
Three months	5.65
Six months	5.75

FRANCE

Discount Rate	9.5
Overnight Rate	6.6
One month	6.75
Three months	7
Six months	7.3125

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.6875
Bills Discount Rate	4.875

هكذا من الأصل

Call to cut industrial stake alarms German banks

BY GUY HAWTIN, Frankfurt Correspondent

THE WEST GERMAN banking industry has been rocked on its heels by one of the most surprising economic statements to emerge from the Federal Republic this year. Count Otto Lambsdorff, the Minister of Economics, said that he favoured drastically reducing the bankers' massive shareholding in industry.

The banks were not especially surprised by the Minister's support for a reduction of their industrial holdings. They have been expecting it for some time. The shock was generated by the degree to which Count Lambsdorff believes those holdings should be reduced. He said that he favoured limiting a bank's long-term holding in any non-banking company to a maximum of 15 per cent of the equity.

Admittedly, he was far more generous than the Federal Monopolies Commission which has recommended a 5 per cent limit. But it is far below the 25 per cent plus one share "blocking minority" maximum which is expected to be proposed in May by the official committee looking into the long-term issues of banking reform.

The banks, themselves, tend to favour that solution if there has to be a reduction at all. It would mean that relatively few holdings would be affected. At the same time, "blocking minorities" give considerably more influence in a company's affairs than do smaller stakes. They also yield certain tax advantages.

Count Lambsdorff—a member of the liberal Free Democratic Party and a former insurance man—did not directly threaten Government action. Legislation, it is understood, is ruled out for this parliamentary session and it would be unusual to embark upon such a radical course without a prolonged period of debate.

West Germany's universal banking system differs radically from the Anglo-Saxon concept of things. There is no strict separation of deposit and investment banking functions. The banks are free to offer the whole range of banking services under one roof, including merchant banking.

They manage their own massive equity portfolios at the same time as managing portfolios on the part of their customers. They trade heavily on the stock exchange in their own right, as well as acting as dealers for the public. They run most of the country's large unit trusts and, on the industrial side, they not only own large chunks of industry, but also provide much of its financial advice, together with the bulk of its credit.

However, Count Lambsdorff cannot be described as one of the banks' harshest critics. All in all, his text was basically friendly. It was the speech of critical support rather than an out-and-out attack. In many ways he was laying out the ground for the debate which is to take place rather than committing the Government to any particular line.

For instance, he reaffirmed his support for the universal banking system. The universal banks—which have served the country well from the creation of the Second Reich in the 1870s through reconstruction following defeat in two world wars—must remain universal, he said.

Count Lambsdorff suggested tax changes to enable the banks to divest themselves of their holdings without suffering financial loss. Perhaps the key to his attitude to the banks was contained in his support for Deutsche Bank's divestment of 25.23 per cent of Daimler-Benz's equity—the lion's share of the packet it bought from the Flick Group some four years ago. The Minister praised the chosen method as an example of how long-term holdings might be run down.

When Deutsche Bank bought the Flick packet—to keep it from falling into foreign hands—its holding in the concern topped the 50 per cent mark. Official eyebrows were raised and the bank gave an undertaking that it would divest itself of just over 25 per cent of the shares.

It did so by creating a new company, Mercedes-Automobil-Holding, to hold the stock and launched it on the stock exchange. Today, Mercedes-Automobil-Holding has two major shareholders which together own 50 per cent while the remainder of the shares are widely dispersed.

The two major shareholders are Stella Automobil-Beteiligungsgesellschaft and Stern Automobil - Beteiligungsgesellschaft. Deutsche Bank, itself, owns 50 per cent of Stella, with 25 per cent in the hands of Commerzbank and the remainder owned by the Union Bank of Switzerland.

Deutsche Bank, oddly enough, also owns 25 per cent of Stern. Its partners in this concern, each with 25 per cent, are Dresdner Bank, Bayerische Landesbank and Robert Bosch, the Stuttgart-based automotive, industrial and household electrical equipment manufacturer.

This is divestment of the most painless kind. It leaves the bank's effective control of Daimler-Benz little diluted. If that is what the Minister has in mind, the banks really have very little to fear.

Yet Count Lambsdorff was quite realistic in that it would be impossible for the banks to attempt even a medium-term unwinding of their vast shareholdings through the stock exchange.

Count Lambsdorff clearly views the whole question of divestment as a gradual process. In formulating policy, the decision makers will have to bear in mind that a change from big bank stakes in industry [illegible] much more diversified shareholdings could lead to a profound change in the way that industry is run. The banks [illegible] the main, have a record of being remarkably sympathetic shareholders, and private investors could well take different attitudes.

Banks have usually been very restrained in their dividend demands and have almost always put a company's long-term interests above the need for short-term profits.

The bank's massive holdings have provided West German industry with considerable stability. Their record of stewardship has been a good one, and the country has much to thank them for.

MAIN BANK HOLDINGS IN WEST GERMANY'S 350 LARGEST COMPANIES

COMPANY	BANK SHAREHOLDING	PARTICIPATION (per cent)
Daimler-Benz	Deutsche Bank	28
Metallgesellschaft	Dresdner Bank	over 25
Hochtief	Commerzbank	over 25
Philipp Holzmann	Deutsche Bank	over 25
	Westdeutsche Landesbank	over 25
Deutsche Babcock	BHF Bank	over 10
Preussag	WestLB	over 25
Bilfinger & Berger	Dresdner Bank	[illegible]
Sachs	Commerzbank	[illegible]
Orenstein & Koppel	BHF Bank	25
Suedzucker	Deutsche Bank	over 25
DUB Schultheiss	Dresdner Bank	over 25
	Bayerhypo Bank	over 25
Diag	BHF Bank	[illegible]
	Berliner Bank	[illegible]
Bergmann Elektrizitaetswerke	Deutsche Bank	over 25
	Bayerische Vereinsbank	over 25
Nixdorf	Deutsche Bank	[illegible]
Nordsee	Dresdner Bank	[illegible]
Heidelberger Zement	Dresdner Bank	over 25
Eternit	Allgemeine Bank	[illegible]
Wayss & Freytag	Dresdner Bank	about [illegible]
Karstadt	Commerzbank	over 25
	Deutsche Bank	over 25
Kaufhof	Commerzbank	over 25
	Dresdner Bank	over 25
Andreas-Noris-Zahn	Bayerische Vereinsbank	over 25
Hapag-Lloyd	Deutsche Bank	over 25
	Dresdner Bank	over 25

Note: The banks' participation in the top 350 companies is, in fact, very much larger. It takes the form, however, of participations in holding companies which own the shares. Ownership of the holding companies is split with other interests, although these are often other banks.

EUROBONDS

The Association of International Bond Dealers Quotations and Yields appears monthly in the Financial Times. It will be published in an eight-page format on the following dates in the remainder of 1979:

April	10	August	13
May	14	September	10
June	12	October	15
July	9	November	12

December 10

There is a limited amount of advertising space available each month: if your company is interested in taking advantage of this offer please contact:

The Financial Advertisement Department on 01-248 8000 Ext. 424 or 7008

INSURANCE

Tax relief deducted from life premiums

BY OUR INSURANCE CORRESPONDENT

THE FORTHCOMING General Election has meant that the financial year began without any of us having much notion of what changes there will be to the 1979-80 tax pattern. Nevertheless one change has already been set in train—the switch to allowance of life assurance tax relief by deduction from premium. This is in contrast to the time honoured method of paying the premium in full, and then obtaining reduction of tax from the revenue in one tax assessment.

The starting point for this changeover was the Finance Act 1976, and the long period of delay before implementation was deliberately fixed to allow the tax authorities and the insurance industry to eliminate as far as possible *the practical* day-to-day difficulties in the changeover. How successful the new rules are, and how efficient the detailed arrangements turn out to be, will be shown in the next few months rather than the opening weeks, *when there are* bound to be transitional problems.

As relief is now given by deduction from premium rather *than reduction of* tax, each holder of a qualifying life policy who is eligible for relief will now deduct 17 x 5 per cent from the appropriate premium, and remit the net amount, 82 x 5 per cent to his insurers, leaving them to recover the balance *from* the Inland Revenue. Eligibility depends on UK residence, and premium being paid for one's own life or that of husband or wife.

Life premiums are paid in a variety of ways. By direct debit, by standing order, by collection at anniversary date either directly by insurers, or through intermediaries, and so on. Companies have had to make many detailed changes to their accounting and computer programmes to get the new arrangements off the ground, and to build up the documentation procedures necessary to effect recovery from the Inland Revenue.

Regulations made by the Board of Inland Revenue had laid down detail, and normally, the life office will recover its deficiency month by month. To this extent, therefore, the life offices will be temporarily out of pocket.

The 17½ *per cent rate of* relief on gross premiums, with a ceiling of £1,500 *or one-sixth of* income, whichever is higher, sems likely to hold good unless the basic rate of tax is substantially varied. Both insurers and the Inland Revenue are set up to handle the 17½ per cent, and *neither side would relish a* percentage which fluctuates from year to year. It is therefore possible that the percentage relief allowed on life assurance premiums may get out of line with the basic tax rate as time goes on.

One of the quirks of the new *arrangement is that all eligible* policyholders will pay premium at the net rate, whether in fact they pay income tax or not. A few will therefore get some per*sonal financial* benefit from the changeover.

In the past, it was possible for the holder of a death by accident only policy to get tax relief on his premiums, for such a policy was and is term assurance and so *"qualifying."*

The amount of reliable allowable on *such* accidental death premiums was small, and indeed claims for relief were often overlooked. Having regard to the difficulty of administering the premium deduction scheme for the small *amounts* of tax relief on accidental death premiums, tax relief has now been abolished and the holders of such policies will in future have to pay 100 per cent premium.

Another odd corner concerns children's policies. Relief under the 1970 Act is confined to pre*miums on contracts "made" by* the individuals. Not unreasonably, the Inland Revenue has argued that a child of tender years cannot be regarded as having "made" a contract because of his or her lack of *understanding of what it is all* about.

The Board of Inland Revenue has decided that relief is not to be allowable on premiums on policies taken out on or after March 1 this year by *children of tender years*. It means by this children aged under 12. But the Board has agreed a transition arrangement that relief will be allowed on children's policies issued before March 1 which otherwise satisfy *all requirements.*

APPOINTMENTS

Board post at Rank Xerox

Dr. Ernst H. van der Beugel, a *professor* of international relations at Leyden University of The Hague, the Netherlands, has been appointed to the Board of RANK XEROX. He has been a director of the parent company Xerox Corporation since 1972, *is chairman* of the International Institute for Strategic Studies in London and honorary secretary-general to the Bilderberg Meetings. Dr. *van der Beugel holds* directorships in a number of financial and industrial organisations in the Netherlands, Belgium, UK, and the U.S.

*

Mr. W. R. Doherty has been appointed a local director *of* BARING BROTHERS AND CO., and will represent the bank in the Midlands. Mr. Doherty, who will be based in Birmingham, recently retired as one of the senior partners of Coopers and Lybrand, chartered accountants, *after* 41 years with that firm and with Carter and Co., which became a member firm of Coopers and Lybrand in 1960.

*

Mr. Edmund Thompson has been appointed an executive director and Mr. John Roberts has become a non-executive director of GEI INTERNATIONAL. Mr. Thompson has been director of operations of the company for some years. Mr. Roberts is group managing director of Rubereid. Mr. Thomas Kenny is chairman of both GEI International and Ruberoid.

*

Mr. Fraser B. Campbell, Mr. Ian Q. Jones and Mr. Nigel M. Suess, assistant directors of BRITISH LINEN BANK, have been appointed directors of that bank, which is a member of the Bank of Scotland Group. Mr. Campbell has executive director responsibility for Capital Leasing, a subsidiary, and Mr. Jones is executive director for Melville Street Investments (Edinburgh), an associate of the British Linen Bank. Mr. Suess, *formerly an assistant director* with N. M. Rothschild and Sons, joined the British Linen Bank in January 1978 and shares executive director responsibilities for *corporate finance* with Mr. Hugh K. Young.

*

Mr. Leslie Lambourne has been appointed production director of PRESSED STEEL FISHER reporting to Mr. John Symonds, managing director. Mr. Lambourne began his motor industry career with Morris Motors in 1947. After six years as a planning engineer he joined the MG Car Company becoming director and general manager in 1969. Following a *period in* charge of BL's radiator and light pressings operations, he was made director of the Swindon Body Plant in 1974. When *Pressed* Steel Fisher was re-established in 1978 as a member of BL Components, Mr. Lambourne was appointed director, pressings and tooling operations.

*

Mr. Wilfred W. Baker has been appointed commercial director of NORMALAIRE - GARRETT LIMITED. He joined the company in 1945 and became com*mercial manager responsible for* the company's civil business. Westland Aircraft is the parent concern.

*

BARRATT DEVELOPMENTS (SCOTLAND), a member of the Barratt Group, housebuilders, has made the following appointments to the Boards of its subsidiaries *in Scotland*: Mr. Joe Walker becomes managing director of the new company, Barratt Developments (Glasgow), having been construction director, Barratt Developments (Edinburgh). Mr. Jack Bobin is now technical director of Barratt Developments (Glasgow) after holding a similar post with Barratt (*Falkirk*). Mr. Walter Hutton, at present company accountant with Barratt Developments (Falkirk), becomes financial director of Barratt *Developments* (*Glasgow*). Mr. William Learmonth is to vacate the post of managing director of Barratt Developments (Falkirk) to be full-time deputy chairman of *Barratt Developments* (Scotland). Mr. Sam Horsburgh, previously construction *director* of Barratt Developments (Falkirk) has been appointed managing *director of that company in* succession to Mr. Learmonth. Mr. Walter Thomson, formerly with Ogilvies, has been made construction director of Barratt *Developments* (*Falkirk*) and Mr. Douglas Needham, previously with Leech Homes (Scotland), has been appointed technical director. Mr. Michael Donnachie is now construction director of Barratt Developments (Edinburgh) after occupying a similar post with Bett Brothers of Dundee.

*

Mr. W. A. Gee, deputy general manager, international *of* COMMERCIAL UNION ASSURANCE will be retiring on July 31.

WORLD STOCK MARKETS

Indices

NEW YORK —DOW JONES

	Apr. 6	Apr. 5	Apr. 4	Apr. 3	April 2	Mar. 30	1979 High	1979 Low	Since Compil'tn High	Since Compil'tn Low
● Industr'ls	875.59	877.80	889.80	868.33	863.25	862.18	877.80 (5/4)	807.00 (27/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	84.55	84.65	84.62	84.58	84.61	84.55	85.90 (2/2)	84.09 (15/1)	—	—
Transport...	254.09	252.62	251.35	250.18	225.56	225.17	254.08 (6/4)	205.78 (27/2)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	104.94	104.87	104.84	104.73	103.52	104.19	104.94 (6/4)	98.10 (2/1)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol 000's†	54,710	34,520	41,940	33,530	29,040	30,140	...	—	—	—

● Day's high 884.01 low 871.88

Ind. div. yield %	Mar. 30	Mar. 23	Mar. 16	Year ago (approx)
	5.74	5.75	5.80	6.16

STANDARD AND POORS

	Apr. 6	Apr. 5	Apr. 4	Apr. 3	April 2	Mar. 30	1979 High	1979 Low	Since C'mpil't'n High	Since C'mpil't'n Low
‡Indust'ls ...	115.24	115.38	114.83	114.37	112.81	113.58	115.69 (9/1)	107.08 (27/2)	134.64 (11/1/73)	3.55 (30/6/32)
§Composite	103.18	103.28	102.65	102.40	100.90	101.59	103.28 (6/4)	95.13 (27/2)	125.85 (11/1/73)	4.40 (1/6/32)

	April 4	Mar. 28	Mar. 21	Year ago (approx).
Ind. div. yield %	4.97	4.99	5.05	5.39
Ind. P/E Ratio	8.70	8.66	8.58	8.48
Long Gov. Bond Yield	8.99	8.98	9.02	8.32

EUROPE

AMSTERDAM

BRUSSELS/LUXEMBOURG

SPAIN

TOKYO

COPENHAGEN

STOCKHOLM

VIENNA

GERMANY

SWITZERLAND

HONG KONG

MILAN

OSLO

PARIS

BRAZIL

AUSTRALIA

JOHANNESBURG

CANADA

WALL STREET

NEW YORK

INTERNATIONAL BONDS

BY FRANCIS GHILES

Difficulties of a mixed market

IT WAS smiles all round in the dollar, Canadian dollar and particularly Sterling sectors of the bond market last week. The story was quite different however in the Swiss franc sector and even more so in the Samurai bond market where the Y10bn. for Eurofima was described by some members of the management group as "a disaster."

In the dollar sector a firm U.S. currency and the easing of U.S. interest rates pushed up prices by *an average of ¼-½* points across the board. Technical factors also helped as a shortage of new paper became increasingly evident. Bond dealers can still not afford to carry large inventories and with much of the new paper issued in February now placed, buyers are harder pressed to find bonds.

This partly explains the good reception for the $75m issue for *EDF which was increased on* Thursday to $100m. Two new issues were announced at the end of the week, a 14-year $40m bond for Itel and a 10-year $50m issue for Nova Scotia Power Corporation.

The Itel bond carries a longer maturity and a higher coupon than the one which was withdrawn by Kidder Peabody for the same borrower six weeks ago because of deteriorating market conditions.

The Nova Scotia Power Corporation issue is notable for its sinking fund which starts operating very early in the life of the bond—May 1980. It will retire $2.1m worth of bonds *every year until 1985 when the* figure will rise to $3m until maturity.

Prices in the Canadian dollar sector, which reopened the week before last, rose *on the week* by ⅜-½ point at the shorter end of the maturity range but remained unchanged at the longer end.

The final prices were set last week for the two issues which *re-opened this sector of the* market, a C$50m bond for Canada's Export Development Corporation and a C$60m one for Hudson's Bay Company. The latter had been increased for the second time due to strong investor demand. Both met with a good reception in the secondary market. *On Friday evening* EDC was quoted at 99½-100 and Hudson's Bay ended at 99¾-⅞.

A C$80m two-tranche offering for the Royal Bank of Canada was announced and early indications suggested a very fair reception. Strong demand for all these issues was reported to be coming from London-based U.S. banks, the Benelux countries and the Middle East. Further Canadian dollar issues are expected, though not this side of Easter.

Recent sterling bond issues reached their highest level ever *last week.* GEC was quoted at *103 bid* while the recent issue for FFI closed last Friday at 105¾-6¾. Trading was described by dealers as very active, particularly on Friday.

The full point reduction in the Minimum Lending Rate announced on Thursday has so far failed to tempt any other UK corporate borrowers into issuing sterling bonds. Bankers say corporate treasurers still consider coupons too high.

The first ever Special Drawing *Rights denominated bond for a* sovereign borrower was launched last week—SDR 50m for the Republic of Finland, by Credit Suisse First Boston. The last SDR denominated bond was arranged for the Nordic Investment Bank last month.

Among the harder currency sector, by far the worst hit was the Samurai bond. The roots *of the present difficulties* lie in the government's need to arrange a huge flotation of national bonds this year.

For the first time ever, Japanese ten year government *bonds issued at 99½ fell to below* 90 in secondary market trading. The foreign Yen bonds issued by Denmark and Austria followed the path of the recent Sears, Roebuck and Canada *bonds with dealers unable to* place them, even at discounts of three points.

Underwriters are pointing to the terms won by the Canadian government for the Y30bn five-year issue done in mid-March as the cause of the sudden collapse in the market. That issue *yielded 4.48* per cent when it was priced at a time when comparable Japanese government bonds were yielding between 6.7-6.8 per cent.

The Y10bn issue for Eurofima priced at 99½ last week to yield 6.59 per cent, is described by some members of the management group as a disaster and virtually impossible to place. The Swiss banks pulled out of the management group at an earlier stage. The poor state of the market has prompted speculation that it might be time to call for a breather and close it for a spell.

This is what has already happened in the Swiss franc straight bond market two weeks ago. This did not prevent Swiss prices from falling again early last week to their lowest ever levels although they recovered on Wednesday and stabilised in the latter part of the week.

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
U.S. DOLLARS							
‡††Bank Bumiputra	30	1984	5	6¼ϕ	100	EBC & others	6.61ϕ
†Banco di Roma	50	1987/91	—	6ϕ	100	Crédit Lyonnais & others	6.09ϕ
‡§Galveston-Houston Int.	20	1994	12.8	8¾	100	Kidder Peabody	8.75
**†Sweden	150	1986	7	9¼	*	Salomon Bros.	*
‡EDF (g'teed France)	100	1986	7	9⅝	100	Société Générale	9.625
Comalco	40	1991	9.38	10½	*	Morgan Stanley Int.	*
Itel	40	1993	9.8	10½	99	Kidder Peabody, CSFB	10.64
Nova Scotia Power (g'teed Prov. N.Scotia)	50	1989	7.95	9¾	*	McLeod, Young, Weir Int.	*
D-MARKS							
‡Credit National (g'teed France)	100	1989	8	6½	99½	WestLB	6.57
‡**S. African Oil Fund	50	1983	bullet	8	99½	BHF-Bank	8.19
§Fujitsu	50	1984	—	5	100	Deutsche Bank	5.06
ECSC	150	1991	9.53	7	100	Dresdner Bank	7.0
Mitsubishi Chemical (g'teed Mitsubishi Bk.)	70	1984	5	6½	99½	*Deutsche Bank*	*
SWISS FRANCS							
‡**Finland	200	1984	n.a.	3½	100	Ban. Scandinave en Suisse, Nordfinanz-Bank	3.5
**§Nichiei	30	1984	n.a.	3½	100	Paribas (Suisse)	*
CANADIAN DOLLARS							
‡EDC	50	1984	5	10	100	Wood Gundy, Orion	10.0
‡Hudson's Bay Co.	60	1989	8.1	10½	100	Morgan Stanley & others	10.5
Royal Bank of Canada	40	1986	7	10	*	Orion, Royal Bank of Canada Trust	*
Royal Bank of Canada	40	1994	12.9	10	*	Orion, Royal Bank of Canada Trust	*
YEN							
‡Eurofima	10bn	1986	7	6½	99½	Daiwa	6.59
SPECIAL DRAWING RIGHTS							
Finland	50	1984	5	8½	*	CSFB	*

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. ϕ Minimum. § Convertible. †† Registered with U.S. Securities and Exchange Commission. ¶ Purchase fund.
Note: Yields are calculated on AIBD basis.

INTERNATIONAL FINANCE

BY JOHN EVANS, RECENTLY IN KUWAIT

Tapping the OPEC money pool

THE BANK of England is negotiating a $100m 10-year private placement for a UK nationalised industry with a group of major Kuwaiti banks.

The fixed-interest placement is being discussed on the basis of a rate under 10 per cent. If agreed, the $100m would be placed mainly among the shareholders of the London-based consortium, United Bank of Kuwait. It should represent a useful source of funds to help the UK smooth the "hump" of foreign debt repayments due in the early 1980s.

The deal comes at a time of renewed international interest in the Arab world as a source of monetary surpluses, following price rises agreed at OPEC's Geneva meeting.

For the first time since 1973-74, when a quadrupling of prices produced a $60bn OPEC *surplus, the oil states can look* forward to a substantial increase in their monetary assets.

Initial estimates suggest oil-consuming nations will have to find an extra $20bn-$25bn in a *full year to meet OPEC's* demands, with $6bn due from the U.S. alone.

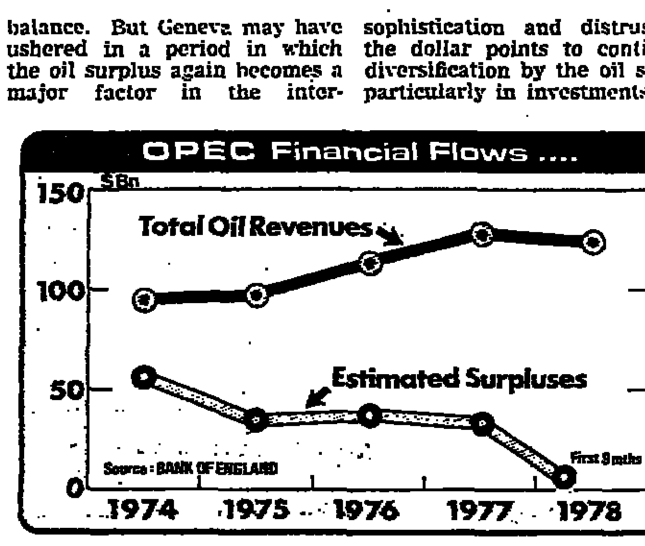
Depending on the degree to which OPEC restrains oil production in order to protect price levels, total revenues should head up to a maximum $150bn annually. This suggests OPEC could expand its overall surplus to a figure near $20bn, compared with the $9bn-$10bn outcome in 1978.

Thus OPEC, which last year became a net borrower in the international banking markets for the first time, can look forward to a welcome resumption in the growth of its monetary assets.

As well as adjustments to production the other factor determining the ultimate surpluses will be the pace of internal development within the OPEC economies.

Few oil nations escaped severe inflation in the mid-1970s, largely following the boom conditions created by *massive oil revenues. There are* signs that this time around, a fresh spurt of income may not be absorbed by heavier spending on ambitious development schemes.

There is as yet no resurgence of Western concern over the OPEC surplus as a major source of international payment imbalance. But Geneva may have ushered in a period in which the oil surplus again becomes a major factor in the international monetary and financial systems.



Some bankers suggest that a number of key areas will encounter important changes.

— Currency diversification: While the dollar's recent *stability has apparently reduced* pressure for alternative methods for oil pricing, a combination of growing OPEC sophistication and distrust of the dollar points to continued diversification by the oil states, particularly in investments.

—Debt position: The impact of higher prices should be a useful opportunity for the "high absorbers" among the oil states to improve their current account positions. Last year, OPEC as a group became a net debtor to international banks (although worldwide it still held accumulated assets totalling some $175bn).

— Private investments: As well as official surpluses, foreign banks are increasingly cultivating private sources of wealth in the Arab world, which are *growing more numerous* as economic development distributes money through the economy.

This has been an important growth area, as official surpluses have dwindled, and a number of banks have established specific operations to woo the private Arab investor.

In recent months, several billion dollars worth of private wealth has reportedly left the Gulf area, following instability in Iran and elsewhere. Investment targets have ranged from U.S. real estate of offshore bank deposits.

—Arab banking: Unlike the situation in 1973-74, a renewed surge of oil wealth need not necessarily be re-cycled through the Western banking system. A drive has been made in the Arab region to expand its own banking system to handle the international deployment of oil money. *Many of these banks* are well equipped to capture and disseminate a large proportion of these funds.

U.S. BONDS

BY JOHN WYLES

The curtain is pulled

CONGRESS LAST week finally *pulled the curtain down on the* drama which has been gripping the financial markets and raised the Treasury's debt ceiling from $798bn to $830bn on Monday. Having postponed a number of *issues in recent weeks, the* Treasury was gasping for money and by Friday had raised more than $20bn through a series of short term bills.

During the week yields on six months and one year Treasury bills fell by up to 10 basis points while prices on long term Treasury bonds rose by anything between ½ and 1¼. With the dearth of new issues, the corporate sector had a strong week, although some weakness set in on Friday when it was revealed that there had been no change in the unemployment rate *between February and March.* Nevertheless, yields on triple A utilities fell by 5 basis points and on triple A corporates by 2 basis points.

Only short-term rates showed some tendency to climb during the week although by less than had been generally expected. This was best illustrated by the Treasury's sale of three month bills on Tuesday which returned an average discounted rate of 9.593 per cent, the highest on such securities since the 9.908 per cent of August 1974.

But the response on Wednesday to the $3.34bn sale of one year bills was much more aggressive and the consequent average discount rate of 9.23 per cent was 37½ basis points below the peak 9.605 per cent set on January 3. The week's sales closed the yield differential between one year and three month bills to a scant 12 basis points which compares with an average over the past 12 months of 88.

Although the Treasury's activities dominated attention, the market was forced to concentrate its mind on issues related to the major news story of the past ten days. The reason was a $100m 30 year bond issue by Virginia Electric *and Power Company* which draws 35 per cent of its electricity from nuclear power stations.

There was no lack of buyers, but they did exact a 10.30 per cent yield compared with the 10.10 per cent which had been expected before the Three Mile Island accident.

Much of the strength in the bond markets last week is attributed to a gathering conviction among investors that interest rates have peaked. This view has taken hold several times in the past year and each time been proved false. As usual private economists are divided.

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bayer Int. F. XW 7¾ 89	200	84½	85	0	+0¼	9.72
CECA 9¼ 84-99	50	95¼	95¾	+0¼	+0⅛	9.75
Canada 9 83	400	98¼	98¾	+0⅛	+0⅛	9.63
Canada 9¼ 98	*350*	*97⅛*	*97⅝*	*+0¼*	*+0¼*	*9.76*
Dow Chem. O/S 9⅜ 94	200	97½	98	+0⅛	0	9.92
EIB 9⅛ 98	125	94½	95½	+0½	+0⅝	9.94
EIB 9⅝ 86	150	100	100½	+0⅛	+0¼	9.80
EIB 9⅞ 99	100	100⅛	100⅝	+0½	+0¼	10.04
Export Dv. Cpn 9.85 84	150	100⅝	101⅛	+0⅛	+0⅛	9.84
Export Dv. Cpn. 9¾ 84	100	97⅝	98⅛	+0⅛	0	9.81
Ekspotfinans 9 86	50	96⅜	96⅞	0	+0⅛	9.64
Finland 9 88	*100*	*95¼*	*96¼*	*+0⅛*	*+0⅛*	*9.89*
Finland 9½ 86	100	97⅞	98¼	0	+0¼	9.91
GTE Fin. 9½ 84	60	98¼	98¾	+0⅛	+0¼	9.89
Gould Int. Fin. 9⅜ 85	50	99⅝	100⅛	0	+0¼	9.77
Hospital O/S 9 83	25	97½	98	+0⅛	+0⅛	9.62
Hudson Bay Co. 10 94	50	100⅞	101⅛	0	+0¼	9.85
Itel Finance 9¾ 90	30	94¾	95⅛	+0¼	+0⅛	10.50
J C Penney 8½ 83	100	96⅛	96⅝	+0¼	+0¼	9.46
Manitoba 9½ 89	*75*	*97½*	*97⅞*	*0*	*+0¼*	*9.88*
New Brunswick 9⅞ 94	75	98¼	98¾	+0⅛	+0⅛	9.94
Newfoundland 10 94	50	98⅞	99⅛	+0⅛	+0⅛	10.11
Norsk Hydro 9¼ 94	50	95½	95⅞	0	+0⅛	9.81
Norway 9⅜ 84	*150*	*100⅛*	*101*	*0*	*0*	*9.77*
Portland 10 84	50	97¼	97¾	0	0	10.67
Quebec Hydro 9½ 93	50	96⅞	97⅛	0	+0¼	9.87
Redland Fin. XW 9½ 91	25	92⅞	93⅛	+0⅛	+0⅛	10.57
Sears Roebuck 9 82	*150*	*98½*	*99*	*0*	*+0⅛*	*9.50*
Stockholm 9⅜ 94	60	100⅛	100¾	+0½	+0⅝	9.92
UK 8⅞ 93	150	95⅞	96⅛	+0⅛	+0⅛	9.58

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
American Ex. Int. 5½ 87	70	93¼	93⅞	−0¼	−1⅛	6.57
Argentina 6½ 83	150	93¾	94¼	−0⅛	+0⅛	7.41
Australia 6 88	250	98	98½	0	−0⅛	6.25
Austria 5½ 90	150	92⅛	92⅝	+0⅛	+0¼	6.71
Banco Desarrollo 7¼ 86	100	97⅞	98⅛	0	+0⅛	7.60
Bankamerica 5¾ 90	150	94¼	94¾	0	−0⅛	6.43
Bq. Ext. Algerie 7¼ 85	100	96⅝	97⅛	−0⅛	0	7.84
Brazil 7¼ 87	150	99⅝	100⅛	0	0	7.28
CECA 6 88	*150*	*95⅛*	*95⅝*	*0*	*−0⅛*	*6.63*
Ch. Manhttn. O/S 6 93	100	97¾	98¼	−0⅛	−0⅛	6.21
Commerzbank XW [illegible]	100	†81	82	0	−0¼	6.19
Copenhagen City 6 90	75	92½	93	0	0	6.92
Council of Europe 6¾	130	95¾	96¼	0	−0⅛	6.83
Denmark 5¾ 85	100	96¾	97¼	0	+0⅛	6.38
Denmark 6½ 83	100	96⅞	97⅜	+0⅛	+0⅛	6.94
EIB 6 90	300	92⅞	93⅛	0	+0⅛	6.91
EIB 6½ 91	200	96⅛	96⅝	−0⅛	−0⅛	6.96
Eletrobras-Brazil 7 87	100	95⅝	96⅛	−0⅛	0	7.58
Eurofima 6½ 89	100	101⅛	101⅝	+0¼	+0⅛	6.29
Finland 6 83	150	99⅛	99⅝	+0⅛	+0⅛	6.12
Hitachi Ship. 5¾ 83	50	97¾	98¼	+0⅛	−0⅛	6.21
Indonesia 7 84	100	97⅛	97⅝	−0⅛	−0⅛	7.56
Kobe, City of 6½ 86	100	96⅞	97⅜	−0⅛	−1	6.73
Mexico Fin. 7 89	150	99⅝	100⅛	+0¼	+0⅛	7.04
Mitsubishi Petro. 5¾ 85	100	98	98½	+0⅛	+0¼	6.05
New Zealand 6¾ 87	200	99½	100	−0⅛	+0⅛	6.31
Nippon Kokan 7½ 84	100	99⅝	100⅛	−0⅛	+0⅛	7.57
Nippon Steel 5¾ 85	100	96⅞	97⅛	−0⅛	−0⅛	6.29
Nippon Tel. & T. 5¾ 87	100	94	94½	−0⅛	−0¼	6.43
Nordic Inv. Bk. 5¾ 86	80	97⅛	98⅛	−0⅛	0	6.60
Norges Komm. 6 89	100	94⅜	94⅞	−0¼	−0⅛	6.66
Norges Komm. 6¾ 89	150	97⅛	97⅝	−0⅛	+0⅛	6.58
Norway 6½ 84	200	†101	101½	0	+0⅛	5.95
Occidental 6¾ 90	150	96⅛	96⅝	−0⅛	+0⅛	7.20
OKB 6¼ 88	100	[illegible]	[illegible]	−0⅛	−0⅛	6.67
OKB 6 87	40	97½	98	0	−0⅛	6.37
Petroleo Brazil 7 88	100	97½	98	+0⅛	−0⅛	7.33
[illegible]	70	97	97½	0	−0⅛	5.99
[illegible]	[illegible]	95⅛	95⅝	−0¼	−0¼	6.63
Statoil 6½ 89	150	97⅛	97⅝	0	0	6.73
UBS Group 5¾ 87	65	96⅞	97⅜	0	+0⅛	6.51
Union Bank Finl 6½ 83	60	94⅛	94⅝	0	+0⅛	7.97
Venezuela 6½ 90	150	91⅛	91⅝	0	−0⅛	7.67
World Bank 6¼ 88	400	95⅞	96⅛	−0⅛	−0⅛	6.80

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Acesa 5¼ 88	40	103½	104	+0¼	+0⅛	4.74
Amer. Exp. Int. 3¼ 93	40	97¼	97½	+0⅛	0	3.73
Asian Dev. Bank 3½ 94	100	88⅝	89⅛	−0⅛	−1⅛	4.53
Austria 3½ 93	100	94¾	95	+0⅛	0	3.97
Australia 3⅝ 89	250	95¾	96	+0⅛	+0¼	4.14
Brazil 4¼	100	99⅛	99⅝	+0⅛	−0⅛	4.74
Canada 3½ 89	300	95¾	96¼	+0⅛	−0¼	4.09
Chase Manhattan 4 93	70	99⅛	99⅝	−0⅛	−1⅛	4.06
Council of Europe 4⅛	100	99¼	99¾	+0⅛	−0⅛	4.20
Bankamerica 3¾ 93	80	96½	97	−0⅛	−1⅛	4.05
BNDE 5 88	75	100	100½	0	−1⅛	4.96
Denmark 4½ 90	100	†93⅛	94	−0¼	−2⅛	5.22
EIB 4¼ 93	100	99	99¾	+0⅛	−0⅛	4.63
Euratom 4¼ 93	80	97¼	97¾	−0⅛	−1⅛	4.50
F. L. Smidth 4½ 89	25	99½	99¾	0	−1⅛	4.55
Finland 4¼ 93	*30*	*99½*	*99¾*	*0*	*−0⅛*	*4.57*
GZB 4½ 93	100	99½	100	−0¼	−1⅛	4.57
Heron 4¾ 88	35	96⅞	97⅛	+0⅛	−0⅛	4.63
ICI Fin. NV 3½ 92	250	92¾	93	−0⅛	−0⅛	4.15
Malaysia 4⅞ 89	80	99¼	99¾	0	−0⅛	4.93
New Zealand 3¾ 92	120	97⅛	97⅝	+0⅛	−2	4.15
Norges Komm. 4¼ 90	100	†99	99½	−0⅛	−2	4.33
OKB 3¾ 91	100	94⅜	94⅞	+0⅛	0	4.29
[illegible] 5 93	20	101	101	−1	−2⅛	4.94
Philippines 4¾ 89	50	97⅛	97⅝	+0⅛	−0⅛	5.04
[illegible] 4 93	85	97½	97⅞	+0⅛	0	4.25
[illegible]	100	[illegible]	[illegible]	−0⅛	−1⅛	4.69
Voest-Alpine 4½ 93	100	[illegible]	[illegible]	0	−1	4.53
[illegible] 4 90	100	[illegible]	90	+0⅛	−0⅛	5.15
World Bank 4¼ 90	250	99⅞	99⅞	+0⅛	−0⅛	4.27

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 5⅞ 88	15	84	84¾	+0¼	−3½	8.19
Australia 5.6 83	30	94	95	−0½	−1⅛	7.12
Australia 6½ 88	20	91⅞	92⅞	−0¼	−1⅛	7.77
Finland 5.6 83	*10*	*93*	*94*	*−0⅛*	*−1⅛*	*7.58*
Finland 6.8 88	10	92⅛	93⅛	−0¼	−0½	7.93

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk 9 84 SDR	20	98¾	99½	0	−0⅛	9.22
Auto Cote B. 7 93 EUA	16	91¼	93	0	+0¼	7.90
Komm. Inst. 7½ 93 EUA	*15*	*97½*	*98½*	*0*	*−0⅛*	*7.71*
Panama 8¼ 93 EUA	20	94	95½	0	−0⅛	8.50
SDR France 7 93 EUA	22	95⅛	95⅞	0	0	7.55
Algemene Bk. 6¾ 83 Fl	75	95⅛	96⅛	0	0	7.41
CFE Mexico 7¼ 83 Fl	75	98	98¼	0	−0⅛	8.15
EIB 7¼ 85 Fl	75	94½	95¼	0	−0⅛	8.29
Ned. Middbk. 8¼ 84 Fl	75	100	100½	0	+0⅛	8.19
New Zealand 6¾ 84 Fl	75	94⅛	95⅛	0	−0⅛	8.01
Norway 8¼ 84 Fl	*100*	*100¾*	*101½*	*+0⅛*	*+0⅛*	*7.96*
Elf Aquitaine 9¾ 88 FFr	150	98¼	99½	0	0	9.90
EIB 9¾ 88 FFr	200	98⅛	99½	0	−0½	9.88
Norway 9¼ 84 FFr	200	99½	100½	0	0	9.30
PSA Peugeot 9¾ 87 FFr	*175*	*99¼*	*99¾*	*−0⅛*	*−0⅛*	*9.83*
Total Oil 9½ 87 FFr	150	97½	98¼	−0⅛	−0⅛	9.77
Unilever 10 85 FFr	100	100½	101½	0	0	9.74
CECA 9¾ 89 £	20	92	92¾	−0½	+1⅛	10.92
Citicorp 10 93 £	*20*	*92½*	*92⅞*	*+0⅛*	*+1¼*	*11.08*
EIB 9¾ 88 £	25	96½	97	+0⅛	+2⅛	10.34
Finance for Ind. 13 91 £	15	105¾	106½	+0½	+1⅛	12.09
Gen. Elec. Co. 12½ 89 £	50	102½	103	+0½	+0⅛	12.09
BAT 8 88 LuxFr	250	97¼	98¼	0	0	8.35
Bayer Lux. 8 86 LuxFr	250	97½	98½	0	0	8.36
EIB 7¾ 88 LuxFr	250	96¼	97¼	0	+0⅛	8.17
Euratom 8 87 LuxFr	500	100¼	101¼	0	+0⅛	7.89
Finland I. F. 8 88 LuxFr	250	97¾	98½	0	0	8.33
Norway 7¾ 83 Lux Fr	250	97½	98½	−0⅛	0	8.34
Norges Km. 8 86 LuxFr	500	98½	99½	0	+0⅛	8.17
Renault 7¾ 88 LuxFr	500	97½	98½	0	+0⅛	8.08
Solvay Fin. 8 85 LuxFr	500	100¼	101¼	0	+0⅛	7.84
Swedish Bk. 8 88 LuxFr	500	100½	101½	0	+0⅛	7.89

FLOATING RATE *NOTES*	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Arab Intl. Bank M6.5 83	0¾	96⅝	97⅛	31/7	11.44	11.79
BFG Fin. Co. M5.5 89	0¼	98¾	99¼	12/7	12.4	12.53
Bco. El Salvador M8 93	1⅛	97⅛	97⅝	12/4	11.31	11.59
Bco. Nac. Argnt. M8 83	0½	100⅛	100⅝	21/7	12⅛	12.19
Bco. Nac. Argnt. 7 86	0¼	97⅛	98⅛	22/9	11½	11.72
Banco Urquijo 6 86	0¼	97¾	98¼	21/9	11⅜	11.73
Bank of Tokyo M5¼ 93	0½	97⅝	98⅛	18/4	10½	10.71
Banque Worms M5¾ 85	*0¼*	*98½*	*99*	*15/8*	*12*	*12.15*
Bq. E. d'Alg. M8 [illegible] 84	0¾	96⅛	97⅛	9/8	11⅞	12.24
Bq. Ext. d'Alg. M7.5 93	0⅜	95½	95⅞	7/5	12¾	13.25
Bq. Indo et Suez [illegible]	0¼	99⅛	99⅝	25/7	12	12.05
Bq. I. Af. Occ. M6.5 83	0¼	98	98½	12/7	12.4	12.62
[illegible]	0½	97⅛	98⅛	22/3	11½	11.67
CCCE M5.25 98	0¼	97⅛	97⅝	2/8	11⅛	11.65
Ch. Man. O/S M5¼ 93	0¼	98	98½	27/7	11.73	11.93
Citicorp O/S Fin. 6 94	0⅛	99¼	99⅝	3/6	11.06	11.10
Credit National M5¾ 88	0¼	98½	99	11/7	12.31	12.47
Gotabanken M6 89	0¼	99⅛	99⅝	15/5	12.31	12.47
Ind. Bk. Japan M5¾ 85	0¼	99⅞	100⅛	1/6	12.35	12.33
Lanshanska [illegible] 95	1	97½	98⅛	18/7	12.04	12.22
LTCB Japan M5¾ 85	0¼	99⅛	99⅝	9/5	12.06	12.12
Midland Intl. M5¾ 93	0¼	99⅛	99⅝	20/7	12⅛	12.26
Nipp. Credit Bk. M5.5 85	0¼	99⅝	100⅛	22/6	12.81	12.91
OKB M5¾ 88	0¼	99¾	100¼	12/1	10.56	10.58
Offshore Mining 85	0¼	98	98½	19/7	12.19	12.28
Petro Mexicano 7½ 84	0¼	99⅛	99⅝	24/7	12.03	12.17
Privatbanken M6 85	0¼	95	97	22/6	13.44	13.08
Standard Chart. M5.5 90	0¼	97⅛	97⅝	10/8	11.56	11.84
Sundsvallsbanken [illegible]	0¼	97⅞	99	4/10	11.05	11.29
Utd. O'seas Bk. M6 89	0¼	98	98½	29/9	11.14	11.24

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asics 5¾ 93	9/78	679	87½	89	−1½	7.62
Baker Int. Fin. 5½ 93	1/79	58	117¾	118¾	0	0.91
Boots 6¾ 93	2/79	2.15	109½	110½	−0⅛	−5.29
Ciba-Geigy O/S F. 4 94	9/79	675	[illegible]	[illegible]	−0⅛	−18.15
Coca-Cola Bottling 6¾	4/79	9	[illegible]	[illegible]	+0⅛	21.00
Honda Motor 5½ 89	5/79	[illegible]	[illegible]	[illegible]	−0⅛	[illegible]
Ito-Yokado 5⅝ 93	6/78	[illegible]	[illegible]	[illegible]	−0⅛	[illegible]
Novo Industri 7 89	4/79	76.5	88	90	−2	[illegible]
Texas Int. Air. 7½ 93	[illegible]	3.07	[illegible]	[illegible]	−0⅛	[illegible]
Thorn Int. Fin. 7 93	11/78	[illegible]	106	[illegible]	+0⅛	5.75
Tyco Int. Fin. 8½ 88	9/78	[illegible]	[illegible]	[illegible]	−0⅛	6.68
Asahi Optical 3¼ DM	12/78	[illegible]	[illegible]	[illegible]	−0⅛	13.11
Casio Co. 3¼ 85 DM	11/78	[illegible]	[illegible]	[illegible]	−0⅛	[illegible]
Izumiya 3¼ 86 DM	10/78	[illegible]	[illegible]	[illegible]	−0⅛	[illegible]
Jusco 3¼ 86 DM	1/79	[illegible]	[illegible]	[illegible]	+0⅛	[illegible]
Kansai Elec. 4 84 DM	4/79	[illegible]	[illegible]	[illegible]	+0⅛	[illegible]
Konishiroku 3¼ 85 DM	1/79	[illegible]	[illegible]	[illegible]	−0⅛	[illegible]
Marudai Food 3½ DM	2/79	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Murata M. 3½ 86 DM	11/78	[illegible]	[illegible]	[illegible]	−0⅛	[illegible]
Nipp. Air. 3.5 88 DM	12/78	[illegible]	[illegible]	[illegible]	+0⅛	[illegible]
Nippon Ysn. 3½ 85 DM	1/79	[illegible]	[illegible]	[illegible]	+0⅛	[illegible]
Nissan Diesl. 3½ 86 DM	*2/79*	[illegible]	[illegible]	[illegible]	+0⅛	[illegible]
Olymp. Opt. 3½ 85 DM	2/79	617	93½	94½	−1⅛	18.73
Ricoh 3½ 86 DM	10/78					
Sharp Co. 3½ 88 DM	2/79	487	96¼	97¼	+1⅛	12.00
Stanley Elec. 3½ DM	11/78	673	91	92	+0⅛	30.04
Tokyo Elec. 3½ 87 DM	4/79	475	93¼	94¼	+1	7.94
Tokyu Ld. Cp. 4 86 DM	4/79	493	88⅝	89⅝	+0⅛	8.71
Trio-Knwd. 3½ 86 DM	11/78	711	87	88	−0⅛	17.40

© The Financial Times Ltd., 1979. Reproduction in whole or in part in any form not permitted without written consent. Data supplied by Inter-Bond Services (a subsidiary of datSTREAM International).

BONDTRADE INDEX AND YIELD

	Medium term		Long term	
April 6 ...	95.34	8.62	89.39	9.32
Mar. 30 ...	95.22	8.65	89.16	9.35
High '79 ...	95.75	(1/2)	89.89	(30/1)
Low '79 ...	94.40	(11/1)	88.67	(28/2)

EUROBOND TURNOVER
(nominal value in $m)

U.S. $ bonds	Cedel	Euroclear
Last week	425.7	1,200.4
Previous week	464.5	1,168.3
Other bonds		
Last week	344.3	695.5
Previous week	606.0	403.0

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. M = Minimum coupon. C.dte = Date next *coupon becomes effective. Spread* = Margin above six-month offered rate for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

CONVERTIBLE BONDS: De*nominated in dollars unless* otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Bondtrade; Kredietbank NV; Credit Commercial de France; Credit Lyonnais; E. F. Hutton Services SARL; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Internationale Luxembourg; Krediet Bank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bankers Trust International; Banque Francaise de Credit International; Citicorp International Bank; Daiwa Europe NV; Deltec Trading Company; Dillon Read Overseas Corporation; EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Nesbitt Thomson; Salomon Brothers International; Samuel Montagu and Co.; Scandinavian Bank; Strauss Turnbull and Co.; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on April 6

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It is not an invitation to subscribe for or purchase any securities.

THE CALCUTTA ELECTRIC SUPPLY CORPORATION (INDIA) LIMITED

("the Company")
Incorporated in the Republic of India under the Companies Act, 1956

SHARE CAPITAL

Authorised Rs.		Issued and fully paid Rs.
3,25,00,000	in 3,250,000 7½ per cent Cumulative Preference Shares of Rs 10 each	3,20,70,290
9,25,00,000	in 9,250,000 Equity Shares of Rs 10 each	7,19,50,260
12,50,00,000		10,40,20,550

All the securities of the Company have been admitted by the Council of The Stock Exchange to the Official List. Particulars relating to the Company and its securities are available in the Extel Statistical Services and copies of those particulars may be obtained during usual business hours (Saturdays and Public Holidays excepted) between 9 April and 23 April, 1979, both dates inclusive, from:

Linklaters and Paines, Barrington House, 59-67, Gresham Street, London EC2V 7JA.

Hoare Govett Limited, Atlas House, 1, King Street, London EC2V 8DU.

TENDERS MUST BE LODGED NOT LATER THAN 10.00 A.M. ON WEDNESDAY, 11TH APRIL 1979 AT THE BANK OF ENGLAND, NEW ISSUES, WATLING STREET, LONDON, EC4M 9AA OR NOT LATER THAN 3.30 P.M. ON TUESDAY, 10TH APRIL 1979 AT ANY OF THE BRANCHES OF THE BANK OF ENGLAND OR THE GLASGOW AGENCY OF THE BANK OF ENGLAND. TENDERS MUST BE IN SEALED ENVELOPES MARKED "EXCHEQUER TENDER".

ISSUE BY TENDER OF £800,000,000

11 per cent EXCHEQUER STOCK, 1991

MINIMUM TENDER PRICE £97.00 PER CENT

PAYABLE AS FOLLOWS:

Deposit with tender	£15.00 per cent
On Monday, 14th May 1979	£30.00 per cent
On Monday, 4th June 1979	Balance of purchase money

INTEREST PAYABLE HALF-YEARLY ON 25th APRIL AND 25th OCTOBER

This Stock is an investment falling within Part II of the First Schedule to the Trustee Investments Act 1961. Application has been made to the Council of The Stock Exchange for the Stock to be admitted to the Official List.

THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND are authorised to receive tenders for the above Stock.

The principal of and interest on the Stock will be a charge on the National Loans Fund, with recourse to the Consolidated Fund of the United Kingdom.

The Stock will be repaid at par on 25th October 1991.

The Stock will be registered at the Bank of England or at the Bank of Ireland, Belfast, and will be transferable, in multiples of one new penny, by instrument in writing in accordance with the Stock Transfer Act 1963. Transfers will be free of stamp duty.

Interest will be payable half-yearly on 25th April and 25th October. Income tax will be deducted from payments of more than £5 per annum. Interest warrants will be transmitted by post. The first payment will be made on 25th October 1979 at the rate of £4.7570 per £100 of the Stock.

Tenders must be lodged not later than 10 a.m. on Wednesday, 11th April 1979 at the Bank of England, New Issues, Watling Street, London, EC4M 9AA or not later than 3.30 p.m. on Tuesday, 10th April 1979 at any of the Branches of the Bank of England or at the Glasgow Agency of the Bank of England. Tenders must be in sealed envelopes marked "Exchequer Tender". Each tender must be for one amount and at one price. A separate cheque representing a deposit of £15.00 per cent of the *nominal* amount tendered for must accompany each tender: cheques must be drawn on a bank in, and be payable in, the United Kingdom, the Channel Islands or the Isle of Man. The minimum price, below which tenders will not be accepted, is £97.00 per cent. Tenders must be made at the minimum price or at higher prices which are multiples of 25p. Tenders lodged without a price being stated will be deemed to have been made at the minimum price.

Tenders must be for a minimum of £100 Stock and for multiples of Stock as follows:—

Amount of Stock tendered for	Multiple
£100-£2,000	£100
£2,000-£5,000	£500
£5,000-£20,000	£1,000
£20,000-£100,000	£5,000
£100,000 or greater	£10,000

Her Majesty's Treasury reserve the right to reject any tender or to allot a less amount than that tendered for. If undersubscribed, the Stock will be allotted at the minimum price, the balance of Stock not tendered for being allotted at the minimum price to the Governor and Company of the Bank of England, Issue Department. If oversubscribed, all allotments will be made at the lowest price at which any tender is accepted (the allotment price), and tenders at prices above the allotment price will be allotted in full.

Letters of allotment in respect of Stock allotted will be despatched by post at the risk of the tenderer. No allotment will be made for a less amount than £100 Stock. In the event of partial allotment, the balance of the amount paid as deposit will be refunded by cheque despatched by post at the risk of the tenderer; if no allotment is made the amount paid as deposit will be returned likewise. *Payment in full may be made at any time after allotment but no* discount will be allowed on such payment. Default in the payment of any instalment by its due date will render the deposit and any instalment previously paid liable to forfeiture and the allotment to cancellation.

Letters of allotment may be split into denominations of multiples of £100 on written request received by the Bank of England, New Issues, Watling Street, London, EC4M 9AA, or by any of the Branches of the Bank of England, on any date not later than 31st May 1979. Such requests must be signed and must be accompanied by the letters of allotment (but a letter cannot be split if any instalment payment is overdue).

Letters of allotment must be surrendered for registration, accompanied by a completed registration form, when the balance of the purchase money is paid, unless payment in full has been made before the due date, in which case they must be surrendered for registration not later than 4th June 1979.

A commission at the rate of 6.25p per £100 of the Stock will be paid to bankers or stockbrokers on allotments made in respect of tenders bearing their stamp. However, no payment will be made where the banker or stockbroker would receive by way of commission a total of less than £1.

Tender forms and copies of this prospectus may be obtained at the Bank of England, New Issues, Watling Street, London EC4M 9AA, or at any of the Branches of the Bank of England, or at the Glasgow Agency of the Bank of England; at the Bank of Ireland, P.O. Box 13, Donegall Place, Belfast, BT1 5BX; at Mullens & Co., 15 Moorgate, London, EC2R 6AN; or at any office of The Stock Exchange in the United Kingdom.

BANK OF ENGLAND
LONDON
6th April 1979.

THIS FORM MAY BE USED.

For use by Banker or Stockbroker claiming commission—

VAT Regn. No.

(Stamp) (if not registered put "NONE")

This form must be lodged not later than 10.00 a.m. on Wednesday, 11th April 1979 at the Bank of England, New Issues, Watling Street, London, EC4M 9AA or not later than 3.30 p.m. on Tuesday, 10th April 1979 at any of the Branches of the Bank of England or the Glasgow Agency of the Bank of England. Tenders must be in sealed envelopes marked "Exchequer Tender".

ISSUE BY TENDER OF £800,000,000

11 per cent Exchequer Stock, 1991

MINIMUM TENDER PRICE £97.00 PER CENT

TO THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND

I/WE TENDER IN ACCORDANCE WITH THE TERMS OF THE PROSPECTUS DATED THE 6TH APRIL 1979 AS FOLLOWS:—

Amount of above-mentioned Stock tendered for, being a minimum of £100 and in a multiple as follows:

Amount of Stock applied for	Multiple
£100-£2,000	£100
£2,000-£5,000	£500
£5,000-£20,000	£1,000
£20,000-£100,000	£5,000
£100,000 or greater	£10,000

AMOUNT OF STOCK £

AMOUNT OF DEPOSIT (a) £

Amount of deposit enclosed, being £15.00 per cent of the nominal amount of Stock tendered for—

TENDER PRICE (b) £ : p

The price tendered per £100 Stock, being a multiple of 25p and not less than the minimum tender price of £97.00—

I/We hereby engage to pay the instalments as they shall become due on any allotment that may be made in respect of this tender, as provided by the said prospectus.

I/We request that any letter of allotment in respect of Stock allotted to me/us be sent to me/us by post at my/our risk.

(c) I/We declare that the tenderer is not resident outside the Scheduled Territories (d) and that the security is not being acquired by the tenderer as the nominee of any person(s) resident outside those Territories.

Dated .... April 1979 SIGNATURE ....

PLEASE USE BLOCK LETTERS of, or on behalf of, tenderer

SURNAME OF TENDERER MR/MRS/MISS OR TITLE

FIRST NAME(S) IN FULL

ADDRESS IN FULL

(a) A separate cheque must accompany each tender. Cheques should be made payable to "Bank of England" and crossed "Exchequer Stock". Cheques must be drawn on a bank in, and be payable in, the United Kingdom, the Channel Islands or the Isle of Man.

(b) The price tendered must be a multiple of 25p and not less than the minimum tender price. If no price is stated, this tender will be deemed to have been made at the minimum tender price. Each tender must be for one amount and at one price.

(c) If this declaration cannot be made it should be deleted and reference should be made to an Authorised Depositary or, in the Republic of Ireland, an Approved Agent, through whom lodgment should be effected. Authorised Depositaries are listed in the Bank of England's Notice EC 1 and include most banks and stockbrokers and solicitors practising in the United Kingdom, the Channel Islands or the Isle of Man. Approved Agents in the Republic of Ireland are defined in the Bank of England's Notice EC 10.

(d) The Scheduled Territories at present comprise the United Kingdom, the Channel Islands, the Isle of Man, the Republic of Ireland and Gibraltar.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY

COMPANY MEETINGS—

DIVIDEND & INTEREST PAYMENTS—

BOARD MEETINGS—

Finals:

Interims:

TOMORROW

COMPANY MEETINGS—

DIVIDEND & INTEREST PAYMENTS—

BOARD MEETINGS—

WEDNESDAY, APRIL 11

COMPANY MEETINGS—

THURSDAY, APRIL 12

COMPANY MEETINGS—

BOARD MEETINGS—

DIVIDEND & INTEREST PAYMENTS—

FRIDAY, APRIL 13

DIVIDEND & INTEREST PAYMENTS—

SATURDAY, APRIL 14

DIVIDEND & INTEREST PAYMENTS—

SUNDAY, APRIL 15

DIVIDEND & INTEREST PAYMENTS—

Aberdeen Land sees over £0.3m

PRE-TAX PROFITS of over £300,000 are forecast for the current year by City of Aberdeen Land Association.

For the six months to December 31, 1978, turnover rose from £701,179 to £1.98m and profits were up from £88,250 to £145,398.

The directors say that the company is benefiting from the current favourable market conditions for housebuilders and they anticipate that profits for the second half will exceed those of the corresponding period of the previous year.

Tax for the half year took £75,600 against £44,330 leaving net profits of £69,798 (£40,920).

As known the interim dividend is 2.5p (1p) net per 50p share. Last year's final was 3.52p.

MADDOCK CLAIM REDUCED

Maddock, which in the throes of a £0.43m rights issue, has been notified by the Department of Labour and Industry of the Commonwealth of Pennsylvannia that its claim against Jackson China Inc., a Maddock subsidiary, has been reduced from £119,000 to around £15,000.

The claim relates to Jackson's self-insuring of its workmen's compensation liability. The claim was referred to by the auditors in the last report and accounts.

Firmin falls back in second half

After showing a jump of 33.7 per cent in the first half of 1978, badge makers Firmin and Sons, a maker of badges, buttons and military buttons, declined from £212,000 to £178,000 in the second six months. This has left the total for the year just ahead at £396,701, compared with £375,226, which includes investment income higher at £44,775 (£39,450).

Earnings per 25p share are stated at 17.8p (16.1p). The dividend total is increased from 3.6595p to 4.15p net, with a final of 2.7434p. A one-for-one scrip issue is also proposed.

Turnover of the group improved from £1.67m to £1.86m. The tax charge amounts to £195,643 (£166,974). Comparisons have been restated to reflect a change in accounting policy relating to deferred tax.

Nabisco Australia

The Australian biscuit and cereals group Nabisco, an offshoot of Nabisco of the U.S., has announced a 42.6 per cent profit rise for 1978, reports AP-DJ from Melbourne. Earnings rose from A$1.6m to A$2.2m (U.S.$2.47m).

APPOINTMENTS

GEA

Consulenti Associati di gestione aziendale

Our professional group is successfully involved in top management consulting for selected companies and institutions operating in Europe. To guarantee, in the future, the standard of achievement reached in the past decade, we are looking for people highly interested in a career as

Management Consultant

In our setting, success in the profession requires a sound functional background and a broad understanding of general management issues. It also requires the ability to interact with senior executives and a marked attitude to work in teams and to avoid standardized approaches and procedures.

Our candidates, aged in their early thirties, should have a post graduate degree in business administration, a working knowledge of Italian and of another European language, and be willing to travel from our main office in Milan.

The challenging nature of the assignments, the economic rewards and the internal mechanisms of partner relationship, progress appraisal and partnership cooptation, should appeal to the most qualified candidates.

Candidates are required to write enclosing a complete curriculum vitae. All applications will be treated in strictest confidence.

GEA - Corso di Porta Nuova, 3 - 20121 Milan - Italy

CONTRACTS AND TENDERS

YEMEN ARAB REPUBLIC

NATIONAL WATER SUPPLY AND SEWERAGE AUTHORITY

SANA'A WATER SUPPLY PROJECT

PHASE 2

CONTRACT 6

LABORATORY EQUIPMENT

The National Water Supply and Sewerage Authority announces that a credit from the Arab Fund for Economic and Social Development has been approved to finance construction of part of the second phase of the Water Supply System for the City of Sana'a, the capital of the Yemen Arab Republic. It is intended that proceeds of this credit will be applied towards payment under the contract for which this notice is issued. Only tenders from reputable suppliers/contractors experienced in the work described below and of sound financial position will be considered. Tenders will not be accepted from suppliers/contractors from any country which appears on the Arab Boycott list and Israel.

SCOPE OF THE CONTRACT:

Supply, deliver and install equipment required for a new Water and Waste Water Laboratory in Sana'a, including the following principal items:—

- Laboratory furniture and fittings.
- Electricity, gas and water services for the equipment.
- Equipment to carry out physical, chemical, bacteriological and biological examinations.
- General laboratory equipment.
- Sampling vehicles.
- Chemical reagents, dehydrated bacteriological media and other supplies.

The Tender documents can be obtained upon payment of a non-refundable deposit of US $ 250 payable to the National Water and Sewerage Authority from 16th April, 1979, at the following address:—

National Water and Sewerage Authority
P.O. Box 104
Sana'a, Yemen Arab Republic

or the Consulting Engineers:

Howard Humphreys and Sons
Kennet House
Kings Road
Reading, Berkshire
United Kingdom.

The completed Tender Documents must be sent to:

National Water and Sewerage Authority
P.O. Box 104
Sana'a, Yemen Arab Republic

to reach that address no later than 12.00 hours local time on 18th June, 1979.

Additional copies of the Documents may be obtained from the Consulting Engineers at a purchase price of US $ 125 per copy.

The Director General
NWSA
Yemen Arab Republic

CONTRACTS AND TENDERS

PERUSAHAAN UMUM LISTRIK NEGARA

AGENCY OF THE MINISTRY OF MINES AND ENERGY OF THE GOVERNMENT OF THE REPUBLIC OF INDONESIA

INVITATION TO BID

The following tenders for two comprehensive island contracts for the new 2 x 400 MW Suralaya Steam Power Plant near the town of Merak in West Java will be received on or before 10.00 hours on 15 August 1979 for public opening at 11.00 hours at the Head Office of Perusahaan Umum Listrik Negara, Jalan Trunojoyo Blok M1/135, Kebayoran Baru, Jakarta.

1. Turbine-generator island contract for the design, manufacture, supply, erection and commissioning of a 400MW and its ancillary plant, with an option for a second unit and its ancillary plant.
2. Steam generator island contract for the design, manufacture, supply, erection and commissioning of a 1,200,000 kg/hour unit for dual coal/oil firing and its ancillary plant, with an option for a second unit and its ancillary plant and an option for the coal firing ancillaries for the first unit.

Tender documents for each contract can be examined from 16 April 1979 at the Head Office of Perusahaan Umum Listrik Negara and may be obtained upon payment of the following non-refundable sums:—

1. Each set of turbine-generator and ancillary plant tender documents—US $ 800.
2. Each set of steam generator and ancillary plant tender documents—US $ 700.

Each set of documents will include two copies of the complete tender document and two copies of the form of tender.

Tenders comprising the form of tender with supporting documentation shall be submitted in original and eight copies as follows:—

The original and six copies addressed to:—
Perusahaan Umum Listrik Negara
Jalan Trunojoyo Blok M1/135
Kebayoran Baru
Jakarta
Indonesia.
Attention: Director of Planning.

Two copies addressed to:—
Montreal Engineering Company Limited
c/o Montreal Engineering Overseas Limited
York House
Bond Street
Bristol BS1 3LY
England.
Attention: Mr. D. J. Forbes, Project Manager—Suralaya.

To qualify for an award, tenderers (individual manufacturers or a consortium) must demonstrate that they have successfully executed contracts for the following:—

1. At least two turbine-generators of the same or larger capacity than that specified, with each plant having a minimum of three years of successful commercial operation. Only those tenderers offering horizontally split turbine type casing will be considered.
2. At least two steam generators for dual coal/oil firing of the same or larger capacity than that specified, with each plant having a minimum of three years of successful commercial operation, or at least two steam generators for coal firing of the same or larger capacity than that specified and at least two steam generators for oil firing with the same steam conditions as that specified, with each plant having a minimum of three years of successful commercial operation.

Tenders will be received for each contract from qualified manufacturers or their authorised representatives.

Perusahaan Umum Listrik Negara has applied for a loan from the International Bank for Reconstruction and Development and will apply the proceeds of this loan to payments under the above mentioned contracts. Only manufacturers residing in member countries of the International Bank for Reconstruction and Development or Switzerland are eligible to tender.

Perusahaan Umum Listrik Negara reserves the right to reject any and all tenders and may waive minor irregularities and informalities.

Jakarta, April 1979 PERUSAHAAN UMUM LISTRIK NEGARA

FIJI ELECTRICITY AUTHORITY

POWER DEVELOPMENT PROGRAMME MONASAVU HYDRO ELECTRIC SCHEME 40/5 TONNE ELECTRIC OVERHEAD TRAVELLING CRANE

The Fiji Electricity Authority (FEA) propose to issue tender documents covering the design, manufacture, delivery and erection at Wailoa Power Station, to be constructed near the centre of Viti Levu, the principal island of Fiji, of the following:

The contract will be for one electric overhead travelling crane of 10.5 metre span with a 40-tonne main hoist and 5-tonne auxiliary hoist. The crane will be used for erection and maintenance of the power station generating plant.

Early completion is of the utmost importance and the crane is required to be ready for service by end September 1980.

Tender documents are expected to be available on or after 16 April 1979 from Merz & McLellan & Partners, 122 Arthur Street, North Sydney, 2060, Australia on payment of a deposit of $F150 by cheque made payable to the Fiji Electricity Authority. Deposits for documents are returnable on submission of a bona fide tender. Additional sets of the documents are available at a cost of $F200 per set which is not returnable. Tender documents may be inspected on or after the above date at the FEA's offices, Lautoka, at the offices of Merz & McLellan, Amberly, Killingworth, Newcastle-on-Tyne, and Carrier House, Warwick Row, London, England, at the offices of Sir Alexander Gibb & Partners (Australia), Commerce House, Barton, Canberra, or at the above offices.

Tenders will be officially opened at the offices of the FEA in Lautoka at 15.00 hours on 18 June 1979.

A tender deposit of $F1,000 will be required to be submitted by each tenderer with his tender.

The FEA reserves the right to extend the stated date for the opening of tenders, to waive any informality in tendering and to reject any or all of the tenders received.

The contract will be financed through the World Bank and the European Investment Bank, and procurement under the contract will therefore be limited to member countries of the World Bank and Switzerland.

Further information regarding the above contract may be obtained from Merz & McLellan & Partners, North Sydney, Australia. Telex AMBERSD AA21126.

SEA PORTS CORPORATION

PROJECTS DEPARTMENT
P.O. BOX 2534
KHARTOUM
Telex No.: 464 (HAWANI KM)

NOTICE

CONTRACT NO: KM/1/79

SUPPLY OF FIRE FIGHTING LAUNCH FOR PORT SUDAN

1. The Chairman, Board of Directors, Sea Ports Corporation, Khartoum, invites Tenders for the supply of One Harbour Fire Fighting Launch for Port Sudan.
2. Details and Specifications can be obtained from the Office of the Sea Ports Corporation, P.O. Box 2534, Khartoum, after payment of £S10 (ten pounds) for one set of details and specifications on submitting a written application bearing a 50 m/m Stamp Duty.
3. The closing date fixed for acceptance of Tender in Sudan is Sunday, 20th May, 1979, at 12.00 hours noon.
4. Details, specification can also be obtained from Sudan Government Purchasing Agent, 3-5 Cleveland Row, St. James's, London SW1A 1DD, on payment of £15 (Sterling) by cheque or postal order in favour of "The Sudan Government Purchasing Agent."

Chairman
SEA PORTS CORPORATION

GOVERNMENT OF MAURITIUS

Ministry of Agriculture and Natural Resources and the Environment

BULK SUGAR TERMINAL — PORT LOUIS WORKSHOP EQUIPMENT

ITEM No. 14

Quotations closing at 1.30 pm on Wednesday, 9th May 1979 are invited for the following works for the Bulk Sugar Terminal at Port Louis, Mauritius, in accordance with the Specification for Item No. 14.

Item No. 14 is broken into 30 separate items for the supply or supply and installation of workshop equipment and quotations may be submitted for any or all sections.

Specifications may be examined at the offices of the Consulting Engineers, Macdonald Wagner & Priddle Pty. Ltd., at Port Louis, Mauritius and at North Sydney, N.S.W., Australia, and also at the Mauritius High Commission, 32/33 Elvaston Place, London, SW7, England, and the Mauritius Embassy, 68 Boulevard de Courcelles, 75017, Paris, France.

Specifications for companies registered in Mauritius may be obtained from Macdonald Wagner & Priddle Pty. Ltd., Rogers Automotive Building, Cnr. Edith Cavell and Mere Barthelemy Streets, Port Louis, and for companies registered in all other countries they may be obtained only from Macdonald Wagner & Priddle Pty. Ltd., 180 Miller Street, North Sydney, N.S.W., 2060, Australia. Telex No. 20836. The non-refundable charge for each set of documents obtained in Mauritius is 50 Mauritian Rupees and 7 Australian Dollars in Australia.

Envelopes endorsed "Quotation for Item No. 14 — Workshop Equipment, Bulk Sugar Terminal — Port Louis" and containing a quotation are to be addressed to the Chairman, Tender Board, Ministry of Finance, Port Louis, Mauritius and lodged in the Tender Box, at the Chief Cashier's Office, Accountant General's Division, Treasury Building, Chaussée, Port Louis, Mauritius or posted from overseas to reach the Chairman, Tender Board, Ministry of Finance, Port Louis, Mauritius on or before the closing time and date.

The Tender Board does not bind itself to accept the lowest or any tender and will not assign any reason for the rejection of a tender.

Ministry of Agriculture &
Natural Resources & The Environment

COMPANY NOTICES

RENOWN INCORPORATED
NOTICE TO E.D.R. HOLDERS
PAYMENT OF COUPON No. 4

...that April 20, 1979 is the record date for determination of persons who will be entitled to vote at the Ordinary General Meeting and to receive the year-end dividend.

With effect from April 17, 1979 the shares will be traded on the Tokyo Stock Exchange ex-dividend, and EDR holders are advised that Coupon No. 4 to the EDRs will, subject to shareholders' approval of the dividend, be used for the purpose of claiming this dividend and will be deemed to mature on April 17, 1979. Commencing on April 17, 1979 Coupon No. 4 should be detached from any EDR presented for surrender and will not be issued with any new EDR.

Subject to shareholders' approval of the dividend, a further notice will be published stating the amount and actual date of payment of such dividend, together with the procedure to be followed for obtaining payment thereof, as soon as practicable after receipt of the dividend by the Depositary. Only upon such notice will any payment be made against the presentation of Coupon No. 4

THE CHASE MANHATTAN BANK, N.A. LONDON
as Depositary

April, 1979

KONISHIROKU PHOTO INDUSTRY CO. LTD.
NOTICE TO EDR HOLDERS

KINGDOM OF DENMARK
1971/1986 8%
UA 25,000,000

AUSTIN REED GROUP LIMITED

PUBLIC NOTICES

LONDON BRICK COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Ordinary Stock will be closed on 1st May, 1979.

By Order of the Board.
H. D. HOWE, Secretary.

Registrars:
The General Agency & Trust Limited,
Granby House,
95, Southwark Street,
London SE1 0JA.

CORRECTED NOTICES
WESTERN MINING CORPORATION LTD.
9¼% NOTES DUE 1992

For Bond numbers 2148/506 the correct numbers are 2146/50.

NOTICE OF MEETING
TIME ASSURANCE SOCIETY
Registered Office,
43 Queens Road, Oldham,
Greater Manchester.

ANNUAL GENERAL MEETING of the above Society will be held at the Registered Office at 12 noon on Tuesday, 24th April 1979

AGENDA

1. To receive the Report of the Committee of the Management and the Accounts for the year ended 31st December, 1978.
2. To elect a member to the Committee of Management. (Nominations must be sent in writing to the Registered Office of the Society to be received there at least two days before the date of the Meeting.)
3. To approve an amendment to Rule 9(i).

(Signed) D. STOTT, Secretary.

NOTICE TO BONDHOLDERS
MITSUBISHI RAYON COMPANY LTD.
9% GUARANTEED BONDS DUE 1989

TRAVEL

GENEVA, Basle, Zurich and Berne, widest range of cheap flights from 4 UK dep. ... 01-351 2191. ... ATOL 369B.

APPOINTMENTS

Sir Victor Seely, Bart.,

wishes to announce that he left 117 Old Broad Street on *Monday*, 2nd April, 1979, as in two months' time he will be 79 years of age.

He still intends to carry on certain work from his home, the address of which is as follows:

42 Orchard Court,
Portman Square,
London, W1.
Tel: 01-935 1311.

CLASSIFIED ADVERTISEMENT RATES

	per line £	single column cm. £
Commercial and Industrial Property	5.30	16.00
Residential Property	2.30	8.50
Appointments	5.30	16.00
Business & Investment Opportunities, Corporation Loans, Production Capacity, Businesses for Sale/Wanted	6.25	19.00
Education, Motors, Contracts & Tenders, Personal, Gardening	5.00	15.00
Hotels and Travel	3.00	12.00
Book Publishers	—	8.00

Premium positions available
(Minimum size 40 column cms.)
£1.50 per single column cm. extra

For further details write to:
Classified Advertisement Manager,
Financial Times, 10, Cannon Street, EC4P 4BY.

هكذا من الأصل

MOTOR CARS

ARE YOU BEING FOLLOWED?

Within six months of purchase up to 85% of customers cannot remember the name of the salesman who sold them their present car. Langley's largest source of business is their clients, either through re-ordering or referal. Our follow-up doesn't finish on delivery.

Sunday 10.30 – 1.30. And 8.30 – 7.00 pm weekdays.

Langley · Portsmouth Road · Thames Ditton Tel: 01-398 3435

LANGLEY

DOE MOTORS

MAIN Ford DEALER

NEW FORDS FOR IMMEDIATE DELIVERY

LEASE OR BUY

DOE MOTORS LTD
WITHAM ESSEX
TEL:(0376)513496

LEASE a ROVER

From only 3 months payments as deposit—balance over 33 months. Shorter periods available. Prices exc. VAT. Applies to self-employed or registered companies only.

Model	Deposit	33 Months @/Month
2300 MANUAL PAS	£433.41	£144.47
2600 MANUAL	£472.77	£157.59
2600 AUTOMATIC	£488.19	£162.73
3500 MANUAL	£554.76	£184.92
3500 AUTOMATIC	£570.21	£190.07

BL MAIN DEALERS for AUSTIN, MORRIS, ROVER, TRIUMPH, LANDROVER, SHERPA.

Tel: BRAINTREE (0376) 25701/40600 Telex: 98186

BRAINTREE MOTOR COMPANY LTD

RENAULT

30PS AUTOMATIC

1977 'R'. Aegean Blue with velour interior, fitted PAS, electric tinted windows, power sunroof, radio/stereo, additional undercover seal, 19,000 miles only. Works maintained and in superb order throughout. Excellent value at £3,950

OPEL

COMMODORE GS-E 2.8

1976 'R'. Metallic Gold with matching cloth interior. The fullest specification includes fuel injection, automatic, PAS, alloy wheels, sunroof, tinted glass, etc., etc. General Motors factory maintained from new. From one driver 15,000 miles only. Condition as new with full works history. Undoubtedly the best example of this connoisseur's car available anywhere. £3,950

The above cars are company executive sales. Terms/Leasing facilities could be arranged for prospective purchaser. Both cars are offered for any trial and examination.

Please contact Mr. Buxton - Tel: (0283) 219183 office hours

WATERLOO CARRIAGE

38-48 THE CUT SE1
Tel: 01-928 1922
Telex 917033

LEASE WITH SECURITY

By leasing your 1979 Lancia with us will effectively give you an extended warranty of up to 3 years.

Model	2-year lease	3-year lease
BETA 2000 ES	£134	£116
BETA 2000 Coupe	£149	£129
BETA 2000 HPE	£175	£152

Find out about our Great Two-week Ski-ing Holiday Competition in the Italian Alps.

Waterloo—everything you would expect from England's largest Lancia dealer.

CAVENDISH MOTOR GROUP

New Jaguar 4.2 XJ6
New Jaguar XJS
78 Jaguar 5.3 - Metallic Silver, Chrome Wheels, Vinyl roof, 10,000 miles £10,950
75 Jaguar 5.3 Webasto Roof, 24,000 miles; one owner. Immaculate £3,850
76 Jaguar coupe Choice of two from £6,250
7i6 mlercoup
76 Daimler coupe 18,000 miles. Superb £7,450
79 Rover 2300 2,000 miles £5,100
78 Rover 3500 7,000 miles £6,250
78 Rover 2600 7,000 miles. Automatic. Electric windows £5,850
73 Daimler 66 One owner, 38,000 miles £5,850
75 Jaguar 4.2 22,000 miles. Air conditioned £5,650
75 Cadillac Seville. (Dec 76) RDH. Every concervable extra £9,750

Phone 01-459 0046/9
or call in at
Cavendish Road London NW6
The best leasing terms available

DAVID CLARK CARS

MERCEDES 600

Metallic Blue. Blue hide to the front, velour to the rear. Elec. division. Rear sunroof. Cocktail cabinets. Rosewood door cappings. Magnificent. £16,500.

1978 PORSCHE 3·3 TURBO

White Martini stripes. Air-con. Elec. roof. Reg. no. 13 BAT. £25,950.

Tel: 01-794 8383 or 01-455 8168

YOU'RE ONLY SECONDS AWAY BY PHONE...

from the best selection of new VOLVO in West London

call us now— 01-370 3152

LEASING SPECIALISTS

KENSINGTON CAR CENTRE

JAMES YOUNG OF BROMLEY Est 1863

ROLLS ROYCE WANTED

We are the best buyers of low mileage, good condition Rolls-Royce cars. We have clients waiting for 1972-1976 Silver Shadows, Corniches, etc.

TELEPHONE 01-460 3434

PEUGEOT

D. P. AUTOMOBILES LTD.

LEASING/PART EXCHANGE WELCOME

Further details contact us now at 93-103 Drummond Street, NW1

Tel: 01-388 5303

(Tube connections to City and West End from Euston & Euston Square)

FERRARI 512 BB

SILVER/RED HIDE UPHOLSTERY

One owner. Genuine 1,700 miles. S registration.

£23,500

No dealers.

Telephone: Oxted 988 5030 after 7 p.m.

AWPIB

1978 CITROEN 2CV6 COMMANDO

In Army colours, grilled head lights, heavy duty tyres, military styled seating and radio. Entrenching-tool, jerry can. Contact: D. PRENTICE AND SONS LTD. The Motor People, Main Street, Moira, N. Ireland. Tel: (0846) 611961

REGISTRATION NUMBERS

DISTINCTIVE MARKS LTD.

O 8	£3,500	O 80	£2,500	O 800	£1,600		
TC 1	£3,500	E 57	£2,500	OEG 1	£1,750		
AH 13	£1,750	FP 8	£600	MAY 68	£550	SEN 109	£175
550 BOB	£550	EM 8	£2,500	MEN 8	£425	SEE 74	£275
999 BOY	£550	89 FE	£375	MHC 90	£325	668 OGM	£250
470 BOW	£175	FW 32	£950	9990 MG	£325	40 SYD	£525
52 BRK	£275	GOO 3	£500	MM 6666	£850	TE 80	£1,500
CA 7	£2,500	321 GWE	£275	3 MPO	£225	70 TD	£525
CA 78	£1,500	HJC 100	£200	MS 29	£2,000	THJ 33	£550
666 CBC	£275	HJG 67	£200	MS 23	£2,000	THJ 333	£450
50 CCJ	£275	444 HNK	£275	MS 113	£750	TFA 1	£2,000
13 CLM	£1,650	HR 7	£2,600	7 NAA	£225	TJN 444	£750
CWC 55	£275	83 HAY	£200	300 NOT	£200	TOO 444	£750
287 D	£475	2241 JH	£375	335 NTT	£250	UVX 1	£500
495 DAN	£250	JJ 2	£3,750	DJC 35	£275	WAP 222	£250
DMD 99	£325	88 JGW	£275	500 PKT	£225	WJH 66	£750
EE 11	£3,000	JW 604	£550	PWT 1	£1,750	WG 69	£1,977
777 EPF	£275	LEB 4	£1,750	17 RB	£750	WBJ 14	£775
779 OEL	£275	LB 3333	£1,250	RAM 790	£225	WGJ 1	£2,000
7 EMY	£275	LS 4444	£1,250	4V 16	£200	2 WTF	£525
FAT 168	£225	76 LAB	£240	RHH 99	£350	VAM 333	£375
49 FAJ	£220	350 LTD	£350	RS 2	£4,000	VVM 700	£195

All available for transfer — Similar numbers urgently required.
Tel: Hatfield (07072) 66633 any time.
Andre House, Salisbury Square, Hatfield, Herts. (CNDA)

CAR MARKS OF HULL

1 BGE	£850	FL 10	£1,950	5 LRM	£366	RP 11	£2,250
BSS 5	£395	FD 15	£695	773 MP	£325	RM 99	£1,495
71 CKH	£175	GR 35	£1,150	NRH 357	£190	RDG 2	£695
1 DTB	£1,350	GEF 92	£475	NH 55	£795	RMB 12	£450
19 DOR	£195	HCO 1	£1,195	35 NQ	£435	STB 1	£1,750
5 EBO	£395	1 HLO	£1,195	PVK 1	£650	SA 7777	£975
4 EAB	£395	KHD 1	£1,125	PYB 1	£795	SJL 116	£195
2 EER	£333	KUG 1	£850	PAJ 1	£1,495	1 TRF	£995
7 FYG	£225	1 LOE	£895	1 PEA	£1,495	30 WW	£395
111 FCG	£225	LW 80	£795	PCS 84	£222	1 XPB	£695

SIMILAR NUMBERS WANTED

Tel: Hull (0482) 25363/27070—daytime
Hull (0482) 858206/658232—evenings/Sun.
P.O. BOX 99 HULL HU1 3EZ

MERCEDES-BENZ — WOKING MOTORS

1978 280 CE. Metallic silver, blue cloth, elec. windows, sun roof, stereo. 3,000 miles. £14,750.
1979 450 SEL 6.9 (T). Ivory, tobacco velour, stereo radio/cassette. 3,900 miles. £26,750.
1978 T 450 SEL 6.9. Ivory, tobacco velour, stereo radio/cassette. 3,900 miles. £26,750.
1976 450 SLC. White, red leather, air cond. 20,000 miles. £17,250.
1978 450 SLC. Metallic beige, sun roof, air cond., alloy wheels. £14,250.
1977 280 SE. Blue, parchment cloth, sun roof, tinted glass. 13,000 miles. £14,950.
1979 280 CE. Met. silver, blue cloth, sun roof, tinted glass, radio/cassette. £12,750.
1978 280 CE. Metallic silver, blue cloth, elec. windows, sun roof, stereo. 3,000 miles. £14,750.
1977 250. White, black interior, sun roof, stereo. 13,000 miles, radio. £8,950.
1978 280 E. Ivory, tobacco cloth, sun roof, air cond. 11,000 miles. £11,750.
1977 NOVEMBER 240D. White, manual gearbox. £6,950.
1976 300D Mercedes Autobahn Motorhome, fully equipped, fridge, shower, etc. 19,000 miles. £7,500.
Choice of diesels from £4,150.

All cars are fitted with automatic transmission and P.A.S. unless otherwise stated and are covered by our 12 month guarantee.

WOKING MOTORS
ESHER ROAD
WALTON-ON-THAMES
SURREY
TEL: WALTON-ON-THAMES
28811

CADILLAC SEVILLES

'78 SEVILLE. Platinum, fitted all possible options including the Cadillac Computer. Delivery mileage only. £15,750
'78 SEVILLE. Metallic Blackwatch green with green velour trim. The level of equipment fitted as standard to this vehicle can only be described as complete. Delivery mileage only. £12,750
'78 SEVILLE. Finished in sable black with red leather upholstery. All possible options plus fabulous Cadillac Computer system. 6,000 miles only. £14,500
'78 SEVILLE. Basil green Brewster with fawn cloth interior. All possible extras. Delivery mileage only. £11,750
'78 SEVILLE. Light Met. Green, leather trim, under 2,000 miles at £10,750.
'77 SEVILLE. Cerulean blue metallic with blue velour trim and vinyl roof. Fullest possible specification. Will be 'T' Reg. £8,750
'78 SEVILLE. Finished in demitasse brown with beige trim. 19,000 miles only. Full specification including custom grille. £9,500
'78 ELDORADO COUPE. Metallic silver with black leather trim. All possible options. 33,000 miles only from new. £4,500
CAPRICE ESTATE. White with matching cloth trim. Full specification including air conditioning, cruise control, roof rack, radio, tape etc. £9,250
CAPRICE 2-DOOR COUPE. Delivery mileage only. Light metallic green with green velour trim. £7,750
CAPRICE SALOONS. Choice of six. Various specifications. Prices from £7,500

Also similar to above but slightly less lavishly equipped. Finished in duo metallic blue.

LONDON SPORTS CAR CENTRE LTD.
High Street, Edgware, Middx.
Tel. 01-952 6171

MILCARS OF MILL HILL

The Complete BMW Dealer

Lease your BMW the Milcars way. A selection of used BMWs

1977 633 CSi AUTOMATIC
Polaris metallic silver, black interior, air conditioning, radio/cassette
From £77.85 per week

1978 MODEL 733i AUTOMATIC
Reseda metallic green with green cloth interior, manual sunroof, tinted glass, electric windows, central locking, alloy wheels
From £74.86 per week

1976 528 AUTOMATIC
Fjord metallic blue, cloth interior, manual sunroof, tinted glass
From £34.73 per week

1977 528 AUTOMATIC
Reseda metallic green and interior, tinted glass, radio/stereo cassette, air cond., pre-heater, wash/wipe
From £45.50 per week

1976 320 AUTOMATIC
Inca orange, black cloth interior, tinted glass, manual sunroof
From £24.85 per week

The above figures are gross and subject to all tax concessions and the above cars can also be purchased for cash
16/18 Hale Lane, Mill Hill, London, NW7
Tel: 01-959 6961

A choice of six of the finest pre-SD1 Rover 3500's and Rover 3500 VIP's you'll ever find.

If you're looking for an *exceptionally maintained*, very low mileage pre-SD1 Rover 3000 or Rover 3500 VIP, you'll find it hard to match this selection.

If you phone 01-330 4990 now, we'll give you precise details of these cars and their histories.

Evans Autos

Tax based leasing and hire purchase facilities. Any new car supplied. Full service workshop 01-330 2900.

PORSCHE 924, AUTO, June, '77, 14,000 miles only. Sun roof, etc. Absolutely immaculate. £6,495. Willenhall 61954.

138 25.30 HP ROLLS-ROYCE, Hooper body. For sale. Alexandria (0389 52778).

Sytner

WANTED URGENTLY
BMW and MERCEDES-BENZ
Late low mileage examples only. Absolutely top prices paid.

Exceptional leasing terms

BMW

1979 Series 633. Choice of Henna red/Weissblue hide or Polaris/blue hide. Both with very high spec. and circa 6,000 miles.
1979 Alpina 633. Silver/Blue velour. Full specification including 240 bhp engine, 5-speed comfort close box, 7in. Pirelli wheels with P7 tyres, air cond., elec. s'roof, etc., etc. 13,000 miles.
1978 633 Auto. Amazonite/Black velour, air cond., electric s'roof, radio/stereo, Mahle wheels. 2,000 miles. £16,950.
1978 (T) 633 Auto. Black/red hide, air cond., elec. s'roof, elec. mirrors, radio/stereo. 8,000 miles. £15,950.
1977 (S) 633 Auto. Polaris/blue, air cond., elec. s'roof, radio/stereo. 11,000 miles. £13,950.
1979 733 Manual. Black/red cloth, elec. s'roof and door mirrors, alloy wheels, sports seats, t/glass, radio/stereo, etc. 8,000 miles. £14,950.
1979 (T) 733i Auto. Very blue velour, metal s'roof, elec. windows, alloy wheels, radio/stereo. 5,000 miles. £13,950.
1979 733i Auto. Polaris/blue velour, air cond., elec. windows, alloy wheels, radio/stereo. 9,000 miles. £13,950.
1978 733 Auto. Reseda green/beige velour, elec. s'roof, central locking, elec. windows, radio/stereo. 8,000 kilometres. Left hand drive.
1978 733i Auto. Arctic blue/grey velour, elec. windows. 11,000 miles. £12,950.
1978 733 Auto. Polaris silver/blue velour, metal sun roof, central locking. 11,000 miles. £11,950.
1978 730 Manual. Metallic grey/grey velour, elec. s'roof, elec. windows, central locking, t/glass, alloy wheels. 11,000 miles. £11,495.
1978 728 Auto. Metallic blue/grey velour, elec. s'roof, central locking, t/glass, radio/stereo, 9,000 miles. £10,995.
1977 (S) 3.0Si Auto. Metallic topaz/beige velour, metal s'roof, alpina wheels, t/glass, radio. 14,000 miles. £8,750.
1977 3.0LA. Fjord blue/grey velour, t/glass, radio. 14,000 miles. £7,750.
1979 520 Auto. Met. blue/grey velour, PAS, metal s'roof, t/glass, radio, etc. 4,000 miles. £8,450.
1979 323i. Reseda/green cloth, PAS, metal s/roof, t/glass, radio/stereo, etc. 1,800 miles.
1978 (T & S) 320/6 Auto. Choice of 4. Low mileage, from £5,150.
1978 (T & S) 320/6 Manual. Choice of 4, low mileage, from £5,895.

MERCEDES-BENZ

1979 450 SLC. Metallic red/parchment velour, air cond., elec. s/roof, alloy wheels, radio/stereo, etc. Delivery mileage.
1979 450 SLC. Astral silver/blue velour, air cond., elec. s/roof, alloy wheels, cruise control, radio/stereo. 1,400 miles.
1978 450 SLC. Silver green/green velour, air cond., elec. s'roof, alloy wheels, l/s diff., self-levelling susp., cruise control, radio/stereo, etc. 11,000 miles.
1977 (S) 450 SLC. Light metallic blue/blue velour, elec. sun roof, alloy wheels, stereo radio, stereo cassette. 12,000 miles.
1975 450 SLC. Silver green, elec s'roof, etc. 75,000 miles.
1978 (T) 450 SL. Silver/blue cloth, t.glass. 7,000 miles.
1979 350 SL. Choice Silver green/black cloth or Red/parchment cloth. Both with very high spec. Delivery mileage.
1978 Series 350 SL. White/blue cloth, alloy wheels, tinted glass, radio/stereo. 8,000 miles.
1979 450 SEL. Astral silver, air cond., elec. sun roof, alloy wheels, radio/stereo, etc. Delivery mileage £23,950.

165 HUNTINGDON STREET
Tel: Nottingham (0602) 582831

len Street CHELSEA

BUY OR LEASE
YOUR NEW 1979
LANCIA BETA

We have a wide choice of the Gamma and new 1979 Beta models in stock and would be delighted to arrange a demonstration at a place and time convenient to you. If you are not in a position to leave we can arrange low interest hp terms.

67-69 DRAYTON GARDENS
LONDON SW10 TEL: 01-370 4114

RICHARDSONS

Skip Lorry Sales and Hire
OLDBURY, BIRMINGHAM

SKIP LORRY SPECIALISTS
021-552 2803 - Telex 336193
IMMEDIATE DELIVERY
Open Sats. and Suns. till 1 pm
Self Drive - Modern Fleet
INCLUDES DEMOUNTABLES

JAGUAR XJS. 1978. White. 16,000 miles. Fitted radiophone (optional if required) available for trial £11,800. Phone Chesterfield 451811 (day) 10246). Chesterfield 36525 (evening).

XJS 1978. 7,000 miles. Carriage brown, electric sun roof, American double headlights, white walls. Gold coachline. An outstanding example. £12,250 Tel. 0533 693381 (day) 0533 709427 (eve.).

BMW 733i. Black, worth £17,000, going for £15,750. Due to unfortunate circumstances being sold cheaply. No mileage. Extras. Automatic. Air conditioning. Grey leather upholstery, cassette/radio, 4 speakers, elec. aerial, mirrors, sunshine roof, rear reading lights, speed hold, spot lights. Phone 01-4866634, ext. 110, weekdays only.

RANGE ROVERS 79 Del. mileage, PAS. Tints. £10,995. Turbo charging and automatic gear box. 01-247 6541

len Street CHELSEA

BUY OR LEASE

ELITE 501. Silver/red hide, P.A.S.
ELITE 501. White/champagne hide
ELITE 503. Blue/champagne hide
ECLAT 523. Black/black hide
ECLAT 520. Silver/black velour
ECLAT 521. Yellow/marcasite

ESPRIT S2. Red/champagne velour.

PREVIOUSLY USED CARS
78 ELITE 504. Low mileage
77 (R) ELITE 503. Delivery mileage
1977 ELITE. Red/marcasite, warranted 10,000 miles, radio/cassette

67-69 DRAYTON GARDENS
LONDON SW10 TEL: 01-370 4114

ROGER NATHAN CONCESSIONAIRES

Silver Shadow 1975. Long wheel base without division. Metallic Green over Pewter. Everflex roof, beige hide interior. Specimen. Immaculate throughout £25,750

Rolls-Royce Mulliner Parkwood. 57,000 miles from new. Full history. Metallic Silver with Blue hide interior. Immaculate. Must be seen £16,850

Jaguar XJS. 13,000 miles. GM gearbox. 1 Owner. White. Black hide and Black coachline £10,750

1978 XJ 5.3 Series 3. Delivery mileage. White/Cinnamon. Stereo. Rear seat belts £16,400

1979 Daimler Double Six Series 3. Delivery mileage. Air conditioning. Alloy wheels. Damson Red £18,800

TEL: 01-452 7170

WADHAM STRINGER

ROLLS-ROYCE

Official Distributors for Rolls-Royce and Bentley.

H. A. FOX

34 Dover Street, London. Tel. 01-499 8962

1978 June Rolls-Royce Silver Shadow II Saloon. Brewster Green, Beige leather. Speedometer reading 2,000 miles.
1976 Aug. Rolls-Royce Silver Shadow Saloon. Regency Bronze, Dark Brown leather. Speedometer reading 24,000 miles. £26,500
1976 Feb. Rolls-Royce Silver Shadow Saloon. Pewter, Green leather. Speedometer reading 39,500 miles. £25,000
1976 Jan. Rolls-Royce Silver Shadow Saloon. Walnut, Beige leather. Speedometer reading 41,000 miles. £25,000
1973 June Rolls-Royce Silver Shadow Saloon. Brewster Green, Beige leather. Speedometer reading 29,000 miles. £19,750
1973 May Rolls-Royce Silver Shadow Saloon. Black over Walnut, Black leather, electric sliding sunroof. Speedometer reading 38,600 miles. £18,950
1973 May Rolls-Royce Silver Shadow Saloon. Caribbean Blue, Dark Blue Everflex roof, Magnolia leather. Speedometer reading 56,700 miles. £17,950
1973 May Rolls-Royce Silver Shadow Saloon. Walnut, Beige Everflex roof, Beige leather. Speedometer reading 59,000 miles. £17,950
1971 Oct. Rolls-Royce Silver Shadow Saloon. Deep Indigo Blue, Black Everflex roof, Dark Blue leather. Speedometer reading 65,500 miles. £14,950
1971 July Rolls-Royce Silver Shadow Saloon. Shell Grey, Seychelles Blue roof, Blue leather. Speedometer reading 73,150 miles. £14,250

GUILDFORD

Woodbridge Road, Guildford, Surrey. Tel. 69231. Tlx. 859255

1978 Sept. Rolls-Royce Corniche Convertible finished in Silver Chalice with Blue hide throughout and Dark Blue hood. 350 miles.
1977 May Rolls-Royce Silver Shadow II in Silver Sand with Brown hide interior. Supplied and serviced by us. 25,000 miles.
1977 Feb. Rolls-Royce Silver Shadow Long Wheelbase in Oxford Blue with Baroda Blue cloth interior. Supplied and serviced by us. 24,000 miles.
1973 Jan. Rolls-Royce Silver Shadow in Special Light Metallic Blue with Black hide and Black Everflex roof. One owner, 30,000 miles.

TORQUAY

Lisburne Square, Torquay. Tel. (0803) 24321

1976 Jan. Rolls-Royce Corniche 2-door Coupe finished in Silver Chalice with a Black Everflex roof and Deep Red hide upholstery. Head rests fitted all round. Complete service history from R-R Crewe. Speedometer reading 23,000 miles. A magnificent car and competitively priced at £28,250
1974 Feb. Rolls-Royce Silver Shadow Saloon finished in Walnut over Regency Bronze. Speedometer reading 48,000 miles. A beautiful and very well maintained motor car. £19,850
1972 Oct. Rolls-Royce Silver Shadow Saloon finished in Silver Sand with a Brown Everflex roof, Beige hide upholstery, speedcontrol, compliant suspension and lambswool rugs. Excellent service history. Speedometer reading 58,000 miles. £16,500
1969 Bentley T Series Saloon finished in Shell Grey with Red hide upholstery. One owner from new. Speedometer reading 32,000 miles. Recently recellulosed. Full service history. A truly remarkable and magnificent motor car. £15,430

SOUTHAMPTON

The Avenue, Southampton. Tel. (0703) 28811

1975 Jan. Silver Shadow Saloon. Pewter over Moorland, Light Grey trim. Quadrophonic eight track, speed control. Speedo reading 29,668. £25,000
1973 May Silver Shadow. Black over Garnet, Beige trim. Eight track stereo, refrigeration. Speedo reading 52,872. £17,995

SOUTHSEA

Castle Road, Southsea. Tel. (0705) 735311

1977 May Rolls-Royce Silver Shadow Mark II. Silver Mink with Grey hide. Mileage under 10,000. Price on application

For that special car— some special finance.

A comprehensive range of leasing packages is available from
WADHAM STRINGER LEASING
Waterlooville (07014) 61221

Other Quality Cars

SOUTHAMPTON

The Avenue, Southampton. Tel. (0703) 28811

1978 Jaguar 3.3 Saloon. Carriage Brown/Biscuit leather trim. Air conditioning, radio. £10,750
1975 Daimler 3.4 Automatic, finished in Greensand with Jade cloth trim. £4,995
1975 Jaguar 4.2 Saloon, finished in Lavender with matching Dark Blue leather trim. Radio, air conditioning. £5,495

SOUTHSEA

Castle Road, Southsea. Tel. (0705) 735311

New Daimler Vanden Plas Double Six Series II. Amethyst with Chamois hide. List price
New Jaguar XJ12 Series II in Squadron Blue with Dark Blue trim. Air conditioning. List price
New Jaguar XJ12 Series II in Moroccan Bronze with Biscuit trim. Air conditioning. List price

TORQUAY

Lisburne Square, Torquay. Tel. (0803) 24321

1978 Aug. BMW 633 CSI Automatic finished in Dark Metallic Blue with Blue leather interior. Electric sunroof, Phillips radio/stereo cassette, electric windows, R.C. door mirror, rear seat belts and alloy wheels. Speedometer reading 8,000 miles. A very nice motor car. £13,500

WADHAM STRINGER

Ian Anthony

Ian Anthony, quality used cars. Featuring Porsche, BMW and a selection of hand picked, high performance vehicles. All high in stature, low in mileage. And all meticulously serviced and valeted by factory trained personnel prior to delivery. Here's this week's register.

PORSCHE

Ian Anthony Sales (Knutsford) Limited, King Street, Knutsford, Cheshire. Tel: 0565 52737

New 924 Lux for early delivery in the North West.
1979 Model 928 Automatic. Black with black/white velours, all usual equipment, near side mirror. 4,000 miles, sold and serviced by us.
1978 911 SC Sport Targa. Petrol Blue with Cork interior, only 6,000 miles, a fine example.
1978 Model 911 SC Sport Targa. Black with Black pinstripes, Porsche side lettering, one lady owner, under 6,000 miles.
1977 S 924 Automatic. Yellow with Black pinstripe, sport wheels, radio, stereo. 10,000 miles only.
Low mileage, late model Porsches urgently required.

Ian Anthony (Sales) Limited, Glaessner House, Walmersley Road, Bury. Tel: 061-761 2221/2/3

1978 BMW 633 CSIA. Reseda Met., Green leather, Mahle wheels, electric sunroof, stereo, 1 owner, full service history.
1978 'T' BMW 323i. Silver Met., Blue interior, manual sun roof, PAS, tints, Mahle wheels, Alpina stripes, Marburg stereo.
1979 BMW 323i. Cashmere Met., Beige cloth interior, manual sun roof, tints, alloys, PAS, delivery mileage.
1979 MERCEDES 350 SE. Bright Red, Black check cloth, electric sun roof, electric windows, Philips AC460 stereo, delivery mileage.
1978 JAGUAR XJS. Black with Black leather, 8,000 miles only, must be seen.
1978 'T' DAIMLER SOVEREIGN 4.2. Old English White, Red leather interior. Black vinyl roof, all usual refinements.

EXECUTIVE CAR CENTRE

ROLLS ROYCE

For Immediate Delivery Lease or Purchase
1979 SILVER SHADOW II. Chestnut Metallic with Tan Hide trim. Delivery mileage.
1979 CORNICHE SALOON. Silver Chalice with Red Hide trim. Black Everflex roof. Delivery mileage.
1979 Model SHADOW II. Regal Red with Magnolia Everflex roof. Under 5,000 miles recorded.
1978 SHADOW II. Peacock Blue with Magnolia Everflex roof and trim. Under 5,000 miles recorded.
1978 SHADOW II. Chestnut with Tan Hide. Delivery mileage.
1977 SHADOW II. Moorland Green with Green Draylon trim. Everflex roof. 17,500 miles recorded.
1976 SHADOW. Seychelles Blue with Magnolia hide. 'S' registration. 34,000 miles recorded.
1976 SHADOW. Gold over Tobacco with Tan Hide. 23,000 recorded miles.
1975 SHADOW. Regal Red with Tan Hide. 34,000 recorded miles.

MERCEDES

1979 450 SLC in Silver Green Metallic. Hide trim. Air conditioning. Electric sun roof. Alloy wheels and many other extras. Delivery mileage.
1979 450 SLC in Brown with Tan trim. Electric sun roof. Head restraints etc. Delivery mileage.
1978 450 SEL in Brown with Tan Draylon trim. Electric sun roof, etc. Delivery mileage.

PORSCHE

1979 930 TURBO in Gold with Tan leather trim. Usual extras. Delivery mileage.

For further information please contact David Arr—Bristol (0272) 20784 or Dennis White—Newport (0633) 278641.

DAN DAN THE MERCEDES MAN

Offers the finest new and used Mercedes at only 7% on no-deposit lease or hire purchase. Fully guaranteed for one year (parts and labour included)

NEW UNREG. MERCEDES 350 SE V8
Fuel injection, automatic p. steering, air cond., Blaupunkt stereo/radio, elec. wdwd, beige with matching leather trim, tinted windows, side mirrors, same day delivery. £18,750

NEW UNREG. MERCEDES 280 SE AUTOMATIC
P. steering, fully air cond., automatic transmission, Blaupunkt stereo/radio, elec. sunroof, elec. windows, leather upholstery, tinted windows. Immediate delivery. £16,950

NEW UNREG. MERCEDES 450 SLC
Metallic red, black leather trim. Air cond. Becker Mexico radio. Alloys, elec. windows, elec. sliding roof, plus other extras. £23,995

1978 MERCEDES 300 DIESEL AUTOMATIC
Ivory, p. steering, 12,000 miles, stereo/radio, tinted windows. One fastidious owner. £10,450

1977 MERCEDES 350 SE
Leather trim, air cond., stereo, tinted windows, low mileage, 1 owner. Full service history. £14,500

1977 MERCEDES 280 E
Fuel injection, 23,000 miles, stereo/radio, automatic, p. steering, tinted windows, side mirrors, leather trim, in fabulous cream. Air cond. £10,990

1974 MERCEDES 350 SE
Fully air cond., low mileage, radio, p. steering and automatic transmission, side mirrors, leather upholstery. Full service history from one careful owner. £8,450

1976 MERCEDES 350 SE
Red, black leather trim, 1 owner, air cond., tints. £12,390

Many more to choose from

201 HIGH ROAD, EAST FINCHLEY, N2
PHONE 01-883 1146/01-444 6525
PART EXCHANGE WELCOME

Stop Press: A large selection of new Mercedes cars will be arriving shortly. Please telephone the above numbers for further information.

FARNBOROUGH

TOP CAR AUCTION

SPECIALIST TOP CAR AUCTION MONDAY 2 p.m.

'74 ROLLS-ROYCE CORNICHE CONVERTIBLE. Willow ... with Magnolia trim. Low recorded ... Full Service History.
'70 ROLLS-ROYCE MULLINER-PARK WARD 2 DOOR COUPE. Metallic Sand. Air Cond. Full Service History.
'77 MERCEDES 450 SEL 6.9. Gold with Black Velour trim. Full Service History. 24,000 miles.
'78 T Reg. LOTUS ESPRIT. Red with Black interior. 8,400 miles only.
'67 ASTON MARTIN DB6 VOLANTE CONVERTIBLE AUTO. White with Navy Blue Hood and trim. F.A.S. 18,000 miles.
'78 RANGE ROVER. Black with Black Vinyl Roof. P.A.S. Sundym. 30,000 miles.

Enquiries to John Snow Tel: Camberley 27161

BRITISH CAR AUCTIONS
Frimley Bridges, Farnborough, Hants. Tel: Camberley 27161

ROGER NATHAN CONCESSIONAIRES

MERCEDES IN N.W. LONDON

1979 MERCEDES 6.9. Delivery mileage. Metallic Green. Becker Mexico stereo. Price on application.
1979 450 SEL. Delivery mileage. Silver Blue velour. Air-conditioning. Electric sunroof. Alloy wheels. £24,250.
450 SEL. 19,000 miles. Air-conditioning. Electric sunroof. Alloy wheels. Cruise control. Self-seeking radio/stereo. Silver Blue velour. £18,950.
1978 Series 450 SE. Icon Gold. Parchment Tex. Air-conditioning. Cruise control. Becker Monza stereo. £16,750.
1978 450 SL. 7,000 miles. Air-conditioning. Leather interior. Electric windows. Silver Green. £19,950.

Several more delivery-mileage Mercedes available. Various models.

CALL US AT 01-452 7170

ROLLS ROYCE

SILVER SHADOW

Registered October '76. 19,000 miles. Chauffeur-driven, turquoise blue, immaculate. £26,000. No dealers or intermediaries please.

TEL: 051-439 7771 office hours

ASTON MARTIN

VOLANTE APRIL '79

Delivery mileage, immediate delivery at list price. Several extras. Interested persons contact: ROGER NATHAN CONCESSIONAIRES Tel: 01-452 7170

مكتبة الأمل

FINANCIAL TIMES SURVEY

Monday April 9 1979

Soft Commodities

This decade has seen some very sharp fluctuations in the prices of soft commodities, notably sugar, cocoa and coffee. Because of this instability — often the result of purely climatic hazards — there is increasing argument in favour of world agreements. But such goals tend to be increasingly elusive.

Quest for stable prices

By John Edwards
Commodities Editor

THE AGREEMENT last month to establish a $750m UN common buffer stock fund was hailed as a major breakthrough towards commodity price stabilisation. Yet even the participants in the lengthy negotiations admitted the new fund would have little or no direct impact on the commodity markets for a long time to come, if ever.

Some people indeed think that the introduction of any artificial measure in the free market system creates more rather than less price instability. They see the fund, and the international agreements that go with it, simply as a means of raising commodity prices to a higher level for the benefit of the exporting countries rather than a serious attempt to stabilise the markets.

So far out of the ten "core" commodities, picked out under the UNCTAD integrated programme for special attention, there are agreements betweeen exporting and importing countries for only four commodities — cocoa, coffee, sugar, and tin. None is operational at present.

The tin agreement, which has been in existence for over 20 years, has worked in the past. But it lost control of the market at the beginning of 1978 when its buffer stock ran out of supplies and prices soared way above the "ceiling" level. Coffee was also controlled reasonably effectively by an agreement in the past, which broke up when unilateral action by producing countries led to consumers losing interest.

New efforts are being made to put some positive "teeth" into the present framework agreement, but it is likely to be a hard battle with consumers and producers having very different ideas on pricing levels.

Undermined

The new International sugar agreement, which came into force in January, 1978, is also facing considerable problems in establishing any control of the free market. So far the heavy surplus supplies of sugar in the world, the failure of the U.S. to ratify the agreement and the refusal of the EEC to join have together undermined efforts to push prices even to the minimum level of 11 cents a pound — the first objective of the pact. Even if this objective is achieved, before member countries are tempted to break away, the agreement is likely to have a hard time creating the elaborate structure laid down to control the market.

The cocoa agreement, which came into force in 1972 after 15 years of negotiations, has so far had no impact on market prices at all. The market has consistently remained well above the price range laid down in the agreement, so it has been powerless to act; the only positive contribution has been the building up of a large buffer stock fund.

Now that cocoa prices have fallen nearer to the agreement's range, there are considerable doubts about the future of the pact, due to expire in September this year. Negotiations on a new agreement earlier this year broke down because of fundamentally different price ideas between producers and consumers. These have yet to be resolved, but in any event any new cocoa pact is likely to be a very different animal from the existing agreement—it will be considerably simplified, relying basically on a buffer stock to control the market instead of export quotas.

The move towards simpler agreements, using only a buffer stock mechanism, reflects the new-found interest of the U.S. in commodity pacts. Traditionally the U.S. has been opposed to commodity agreements on principle, in that they distort the free market and also smack of cartels.

The fears about raw material supplies, triggered off the success of the Organisation of Petroleum Exporting Countries, persuaded the U.S. Government it might not be a bad thing to become more involved with producing countries. The Carter Administration took the changed attitude a step further by adopting a positively favourable stance in favour of commodity agreements.

But it has not moved far enough in the view of some producing countries. At each negotiating conference the U.S. has adopted a somewhat unyielding attitude in pressing for its objectives—reasonable price levels and a much bigger buffer stock so that future agreements can be far more effective in halting, or damping down, upward price movements as well as stopping prices from falling.

A major weakness of commodity agreements in the past has been their inability to prevent prices rising through the "ceiling" price level once a shortage situation develops. The U.S. claims this is unfair to consumers and is insisting on bigger buffer stocks so that larger surpluses can be built up in times of abundance to offset any future shortages. Naturally producing countries are none too keen on having a large amount of supplies tied up in this costly way, but the extra resources provided by the common buffer stock fund should help.

At the same time the U.S., faithful to its support for the free market system, is trying to tie the price ranges in commodity agreements closer to the market trend. It wants a moving reference point, reflecting changes in the market prices, with flexible bands both above and below when buffer stock action is triggered off.

LONDON COMMODITY FUTURES TRADING
(Turnover in lots)

	1976	1977	1978
Cocoa (10 tonnes)	1,711,706	1,147,727	982,631
Options	4,190	2,665	2,945
Robusta coffee (5 tonnes)	680,188	1,139,185	830,308
Options	16,203	13,151	7,945
Arabica coffee (17,250 kilos)	started January 1978		3,561
Rubber (15,000 kilos)	60,475	59,092	90,190
Options	3,934	2,527	1,248
Rubber (5,000 kilos)	1,707	4,043	3,209
Sugar (50 tonnes)	857,567	773,398	692,834
Options	24,183	30,372	11,021
White sugar (50 tonnes)	started October 1978		10,739
Soyabean meal (100 tonnes)	37,864	38,369	27,804
Options	—	242	731
Greasy wool (1,500 kilos)	13,601	4,488	519
Crossbred wool (2,500 kilos)	started July 1978		430
Estimated value	£29bn	£46bn	£60bn

However, the U.S. appears to have yielded to the insistence by producing countries on a guaranteed "floor" below which prices cannot fall. It claims a sufficiently big buffer stock can ensure this, but other countries are far from sure—pointing to the example of the tin agreement where export quotas have proved to be the only really *effective means of preventing* prices sinking too low.

Nevertheless it appears that the natural rubber agreement, currently being negotiated in Geneva with great hopes of a successful conclusion, may well set the pattern for future commodity pacts relying solely on a large buffer stock to keep prices within an agreed range round a central reference point but with a guaranteed "floor."

It can be expected that new agreements will be negotiated for the other "core" commodities, although it is likely to be a very long time before pacts for copper, cotton or tea will emerge. The failure of the negotiations for a new wheat agreement—not one of the ten "core" commodities specified by UNCTAD—also underlines the difficulty in bringing together the many and diverse *interests involved.*

Commodity merchants and brokers are by nature of their business basically opposed to price stabilisation. They, after all, do best when markets are fluctuating, and especially when shortages force consumers to pay high prices on the free market to obtain supplies.

They argue that without the stimulus of free market forces, the commodity agreements *could result in stagnant conditions* leading to costly permanent surpluses—somewhat like those in the EEC—as prices are pushed too high.

Lack of excitement took its toll on "soft" (non-metal) London commodity futures market during the past year. Turnover fell in all the markets with the exception of rubber. The price falls in cocoa and coffee, after the heady heights reached in 1976 and 1977, and continued depression in the world sugar market, explain the downturn in turnover. But more disappointing was the failure of the soyabean meal futures contract to build up further and the virtual demise of wool futures after a new effort to launch a crossbred wool contract.

A new "white" sugar market has been successfully added to the somewhat out-of-date London world raw sugar futures contract. But otherwise prospects for expansion of the Exchange with new markets look none too promising. The possibility of a potato futures contract is being studied but appears to have missed the boat, with prices having sunk to depressed levels and the likelihood of a new Common Market *potato regime stabilising* the market in the years ahead.

Shelved

The long discussions on a tea futures contract are continuing, but so far with no positive result. Proposals for an interest rate futures contract, to match the success of this new kind of market in the U.S., have also been shelved for the time being at least. Option trading was also *hit by the ban in the U.S.*

Nevertheless the London markets have made ground on the more speculative New York equivalents, as a result of their greater flexibility and solid trade support. The rise in the value of turnover to $60bn last year is largely an artificial figure, including both purchases and sales, and reflects mainly the reduced value of money.

But it does give some idea of the sizeable daily transactions on the London commodity markets, to which have to be added the huge sums traded on the Metal Exchange, and mirrors the growing popularity of the commodity futures markets, with funds seeking protection against currency uncertainties and inflation fears. For the moment the metals are *enjoying the biggest support,* but "soft" commodities are likely to come back into favour once the main markets overcome their present state of surplus supplies and depressed prices.

Plans to establish a World Commodities Centre in London, and attract the new UN Common Fund to the City, will have no direct effect on the futures markets since the centre is intended to accommodate the international commodity organisations and not the markets. But it will help keep London in the forefront of the international commodity markets, with all the benefits this brings, including an important contribution to the country in "invisible" earnings.

SUGAR

Prices remain depressed

AN OLD market adage says that the time to buy is when prices are depressed. If this is true, *then sugar must be the best bet* in the commodity markets at present.

World sugar prices have been stuck during the past year in a range between £81 to £114 a tonne—a level uneconomic for even the most efficient sugar producers and a far cry from the heady heights of £650 reached during the great sugar shortage in 1974.

Ever since 1974 world production of sugar has outstripped demand, leading to the build-up of huge surplus stocks that have so depressed prices on the free market. There are hopes that in the current 1978/79 season supply and demand will be roughly in balance at around 92m tonnes, with possibly a small deficit. But hanging over the market are world stocks of over 30m tonnes, which should take many years to clear unless there is a major crop disaster in an important producing area.

So far the International Sugar Agreement, which provisionally came into force at the beginning of 1978, has met with little success in its objective of raising world free market sugar prices to a minimum level of 11 cents a pound.

It has imposed the maximum cut in export quotas, reducing them to 82.5 per cent of total allocations and so far these have been honoured by the *member countries. The effectiveness* of the agreement has been undermined, however, by the huge world surplus. Consumers increased stock levels prior to the agreement coming into force and have little or no incentive to buy increased amounts at present.

The agreement has also been handicapped by the fact that it has yet to be ratified by its most important importing member, the U.S. Legislation to ratify the pact, enabling the U.S. to make its contribution towards the financing of surplus stocks held off the market, has been delayed by Congress by a bitter wrangle over domestic sugar policy. Until this is settled the U.S. cannot play a really positive role in making the agreement work.

Another major headache is that the European Community has refused to join, and continues to pay heavy subsidies to dump its surplus sugar on the world market while ISA countries are restricting their exports. In the 1977-78 season the EEC sold some 3m tonnes of surplus white sugar on the free market, paying out subsidies of well over £100 a tonne—more than the price of the actual sugar sold—to make up the difference to its growers between the high EEC price and the world market price.

Although the EEC has said it will consider joining the agreement in due course, this is unlikely to happen before the whole Community sugar policy *comes up for review in* 1980. Meanwhile EEC beet growers are trying to step up plantings in order to qualify for the biggest possible quotas *when the regime is renewed.*

The fear is that sugar producers in the agreement may grow impatient with the behaviour of the EEC—and the U.S.—and decide to go it alone. The longer-term fear is that so many producers will be driven out of business by the uneconomic price levels that *another shortage will develop* in the years ahead.

Lurking in the background, however, is the increasing competitive threat from the high-*fructose maize* syrups (known as isoglucose in Europe). If U.S., and world, moves to raise sugar prices are successful this could open the door for isoglucose to capture a larger part of the sweeteners market.

A move by the EEC Commission to kill the threat by imposing a penal levy on isoglucose has been thrown out by the European Court of Justice. *Although further curbs are proposed*, it seems that a rise in isoglucose sales is inevitable.

The major threat from isoglucose syrup, however, is in the U.S., where it has already gained a sizeable share of the sugar market. The syrups are made from maize (corn) which is in plentiful supply in the U.S. and the sugar market there is more concentrated on industrial uses—where isoglucose can compete more effectively. Only the low level of sugar prices has prevented further inroads.

Nevertheless, the outlook for sugar is not all gloomy. For a start, a *significant new outlet* for sugar is developing in its manufacture as alcohol. Previously this was a desperate measure of last resort for sugar growers *since the price paid* was very low. But the steep rise in the cost of oil, and the moves to replace petrol with alcohol in cars, has totally changed the picture. *This is particularly the case in Brazil*, where imports of oil are the main burden on the country's balance of payments, so it makes doubly good sense for Brazil to use its domestic sugar resources.

A *really determined* effort to develop the sugar-into-alcohol industry is being made both in Brazil and other countries like the Philippines. Once the investment *has been made there will* be no turning back and it could well mean a considerable reduction in exports from these countries in the years ahead.

New uses for sugar—to take advantage of its energy properties—are being developed as well, including its manufacture into chemical form for making *detergents.*

At the same time history has shown that gross surpluses of sugar, as well as shortages, can quickly disappear on the free market, *which only accounts for* some 18m tonnes of the total world output of over 90m tonnes. The rest is either consumed domestically or traded *under special agreements* such as the Lome Convention between the EEC and African, Caribbean and Pacific countries.

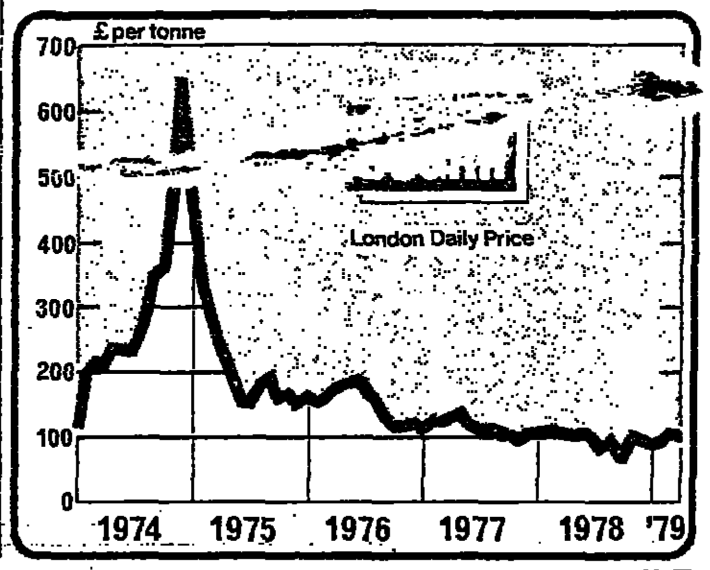
A poor crop in the EEC, and the adoption of a new sugar policy in the U.S. enabling ratification of the international agreement, could change the situation quite quickly. The 2m tonnes reserve stocks held off the market by agreement members would then assume a much more significant role and enable prices to be pushed up to more reasonable levels.

Meanwhile, although trading conditions on the London world sugar terminal market remain very dull, turnover has kept up surprisingly well.

The introduction of a new white sugar market in October has got off to a slow but steady start, much to the chagrin of the Paris market, which *previously had the world's only* whites contract, London thinks it can do better in meeting the growing demand for hedging against price fluctuations in whites, *which always move in* a direction different from the raw cane sugar prices.

Comparative turnover figures suggest London is right. In any event *the introduction of* the whites contract has broadened the base of the London market considerably and this could be of great benefit in the future *when normal trading activity* returns—as it inevitably will.

John Edwards



RUBBER

Revival of interest

TRADING INTEREST in natural rubber has revived during the past year as the market emerged from the doldrums created by sluggish demand. Turnover on the London futures market rose sharply last year, and prices rose to a peak of 64p a kilo for RSS No. 1 spot, first in November and then in February this year.

Demand for natural rubber has a strong underlying trend in that it is superior to the synthetic competitor in some important and expanding markets—notably radial and heavy duty tyres. At the same time there is apprehension among consumers about future supplies of oil-based synthetic rubber in view of the considerable problems facing the oil industry.

Synthetic rubber prices are virtually certain to go up again following the recent further rise in the cost of oil, but this does not necessarily mean a bonanza for natural rubber producers. For a start the higher oil price *also hits natural rubber growers* hard, inflating the costs of transport, machinery and money. There is also the fear that as in 1974 the threatened *scarcity of oil could give rise to* a worldwide industrial recession bringing reduced demand for all types of rubber in its wake. Nevertheless the long-term prospect for natural rubber recapturing some of the markets lost to its synthetic competitor in the last two decades must be good.

Rubber growers are hoping that the negotiations for an international rubber agreement between exporting and importing countries will bring some form of stability to the market and allow them to expand production without the risk of driving prices down to uneconomic levels if a temporary surplus of supplies develops.

It is a difficult situation. Forecasters, including the World Bank, predict that there will be a shortage of natural rubber in the 1980s unless producers expand output now. But growers know from bitter experience in the past that increased output can often simply result in lower prices and at the moment palm oil output in Malaysia, for example, is rather more profitable. However, if output is not increased now, then natural rubber may by default give away sales to its synthetic competitor in future years.

A new threat comes from the U.S. which plans to develop rubber production from the guayule plant, found in plentiful supply in western parts of the U.S. and in Mexico. This is not thought to be economically viable at present, but it might become so if rubber prices rose too high. There is a political incentive for the U.S., which is reluctant to depend too much on supplies from the Far East, *where the Communist bloc* influence has been building up steadily since the end of the Vietnam war.

A more practical threat has been removed, however, by the changed attitude of the U.S. stockpile authorities to rubber. Under the new strategic objectives supplies of rubber held by the stockpile should be built up rather than decreased by sales, as in past years.

Squabbles in Congress have considerably delayed the new objectives of the stockpile being confirmed and acted upon. But it seems certain that in the future the U.S. stockpile is likely to be a buyer of rubber, rather than a seller as in the past.

In the short term rubber prices are likely to fluctuate considerably on continued currency and inflation uncertainties; the prospect of a major strike in the U.S. tyre manufacturing and haulage industries; and the possible cutback in buying by China as a result of the slowing down of its industrial expansion programme.

But the long-term outlook for natural rubber must be good. There is certain to be reduced competition from synthetic rubber, as scarce oil supplies are diverted to other uses; and demand for the natural product should continue to rise substantially in the years ahead as quality standards improve.

J.E.

GRAINS

Exports call the tune

THE LONDON grain futures markets were shaken out of their moribund state earlier this *year as rumour spread rapidly* around the trade that the Ministry of Agriculture had overestimated the 1978 British barley crop by as much as 1m *tonnes and that dealers in the* booming export market were having trouble covering their commitments.

There was also considerable *concern about impending action* by the Common Market Commission—now taken—designed to curb imports into Britain of cereal substitutes containing manioc.

It was widely rumoured, and reported, that if the imports were stopped British animal feed compounders would need to buy a further 500,000 tonnes of barley to use instead. Call for that quantity at the tail-end of the season, added to the fears about the size of the crop and the scale of export demand, would inevitably add a further twist to the upward spiral of prices. Further pressure was *applied by the farmers notorious* for refusing to sell on a rising market and holding on to their remaining stocks of grain.

In its latest statistical release *the Ministry of Agriculture,* whose figures are regarded with utmost suspicion by the trade and farmers, maintains its view that last year's barley harvest yielded 10.5m tonnes.

Going even further, the Ministry has reduced its forecast of total grain exports in the *current campaign. The early esti*mate of 1.81m tonnes to be shipped abroad has been cut by 410,000 tonnes. The bulk of the reduction is in barley exports, *now thought to be only 1.15m* tonnes compared with the earlier estimate of 1.5m.

In the only apparent concession to the united opinions of *the trade and agricultural com*munity, the estimate of demand for barley from the UK animal feed compounding industry has been raised by a modest 25,000 tonnes.

The major factor influencing the futures markets now appears to be the impact of the new importance in Britain of grain exports, particularly of barley. The trade took off with a vengeance in the 1977-78 campaign when exports leapt from a mere 126,000 tonnes the year before to a staggering 2.1m tonnes.

Everyone, including the Ministry of Agriculture, had expected that the surplus *from the record* crop would have to be disposed of in official EEC intervention stores. Indeed, the Intervention Board hastily rented and estab*lished storage space for 300,000* tonnes. In the event only some 20,000 tonnes of barley were bought in. This has now been sold and the stores are empty again.

CONTINUED ON NEXT PAGE

SOYABEAN MEAL

Trade in futures still sluggish

THE LONDON soyabean meal futures market, established after much heart-searching in 1975, is still failing to live up to the optimistic expectations of its backers. It is plodding on and, according to its main sponsor the Grain and Allied Feed Trades Association (GAFTA), still providing a valued service. But trade is sluggish and lacking in the "excitement" which attracts so much attention to the futures markets dealing in the more volatile commodities.

In contrast with GAFTA's hopes that within two years of opening daily turnover would be around 400 lots of 100 tonnes, the current average is running around 100 lots.

GAFTA has recently been making considerable efforts to arouse interest in the market in France, Holland and Germany, and officials admit that the lack of Continental participation has been disappointing. But, they add, the market is still relatively new, and they remain confident that in a few years there will be far greater use. "The market has survived this flat period extremely well, and if it can do that we are sure it can survive in the future," a spokesman commented.

The main reason for the lack of activity in the market lies in the inherent stability of supplies. World production and trade in soyabeans and meal are dominated by the U.S., which, barring disastrous climatic upsets, can generally be relied on to produce ample crops regularly.

There seems to be only the remotest possibility of a repeat of the circumstances of 1973 when the U.S. Government was forced to impose an embargo on exports. Then, a combination of factors—including a small crop and massive buying by the USSR which took the world by surprise—sent prices rocketing.

Now, while the weather remains as fickle as ever, the U.S. Government operates a system of incentives and disincentives where necessary to keep plantings of the crop well in line with expected demand.

A cumbersome but effective monitoring system has been established to ensure that no major buyers can in future spring unpleasant surprises on the world market.

This year, heartened by forecasts of sustained world demand, U.S. farmer are expected to raise their soyabean acreages by between 4m-6m acres, making the crop the most important in terms of acreage in the whole country. At least half and possibly two-thirds of the increase will be planted in land used last year for maize.

"The soyabean market looks very bright," Mr. Bob Bergland, U.S. Agriculture Secretary, said last month. "Export demand looks very strong."

His optimistic forecast, made in the knowledge that output in the rest of the world is also expected to climb 19 per cent, reflect the rising demand at home and abroad for protein animal feeds and hopes of a 5 per cent increase in U.S. demand for soya oil.

Records

According to the U.S. Department of Agriculture (USDA), world production and trade in soya will reach new records this season. Global output should be around 80m tonnes, up 8 per cent, though the droughts in Brazil earlier this year may have cut this back by 2m to 3m tonnes.

Exports of beans and meal from the three main producing countries—the U.S., Brazil and Argentina—should climb to almost 32m tonnes meal equivalent, a new record and up 6 per cent on the 1977-78 year.

Earlier this year USDA was forecasting heavy competition in export markets from Brazil and Argentina between May and August. But this may not now prove to be so severe in view of the losses in Brazil. Even though the foreign trade department of the Bank of Brazil has said export quotas will not be reduced, the true picture is still far from clear.

Because of the depression of the U.S. dollar, prices in America are expected to be firm for most of the year, while in strong currency countries like West Germany and Japan they can be confidently expected to remain relatively low. This should further encourage imports, particularly into the European Community where demand will in any case be strong because of the expansion in meat production there.

The high prices of grain in the EEC will also help to ensure that soya remains strongly competitive in the animal feed market, while expanding crushing capacity in Europe will continue to raise demand for beans.

Import demand in the main soyabean meal markets around the world is forecast to rise 1 per cent, while call for beans will climb as much as 10 per cent, USDA says.

The main factor behind the strength of world markets for this flexible protein is the steady build-up of meat production in Europe, the U.S., Russia and other parts of the world where increasing incomes and dietary sophistication are raising demand for beef, pork and poultrymeat.

In Russia, which has ambitious long-term plans for raising meat output, the January census this year showed the national pig herd was 6 per cent higher than a year earlier. In December last year the U.S. breeding herd was 11 per cent higher than in December 1977, and in the European Community pig numbers have climbed 3 per cent in the past 12 months.

Mr. K. Bader, chief executive of the American Soyabean Association, recently forecast that Russia would "fairly soon" be entering the soya market "in a big way." He also predicted a steady rise in demand for U.S. produce elsewhere in the world. The Middle East and South East Asia were thought to be the most promising growth areas.

While the U.S. remains far and away the biggest producer of soya, with a huge domestic market to supply as well as the giant's share of world demand, the Latin American growers, notably in Brazil, have made great strides in the past 10 years.

Happily, the production and marketing seasons in North and South America mesh neatly, with Brazil active early in the year and the U.S. taking over later.

There is still enormous scope for expansion in Brazil in spite of the danger of drought in the main growing areas which has severely damaged yields in the past two years.

There are an estimated 150m acres of savannah land in the Cerrados which are barely used at present. Plans are progressing to bring them into full agricultural production, switching away from the traditional range cattle rearing and into soya and other crops.

The World Bank recently predicted that within eight years soya would become Brazil's "star" crop, accounting for more than 20 per cent of all Brazilian exports. It forecast that soyabean exports would almost double to 6.6m tonnes a year by 1985. Soyabean meal sales abroad would grow even more, from 3.5m tonnes in 1977 to almost 12m tonnes.

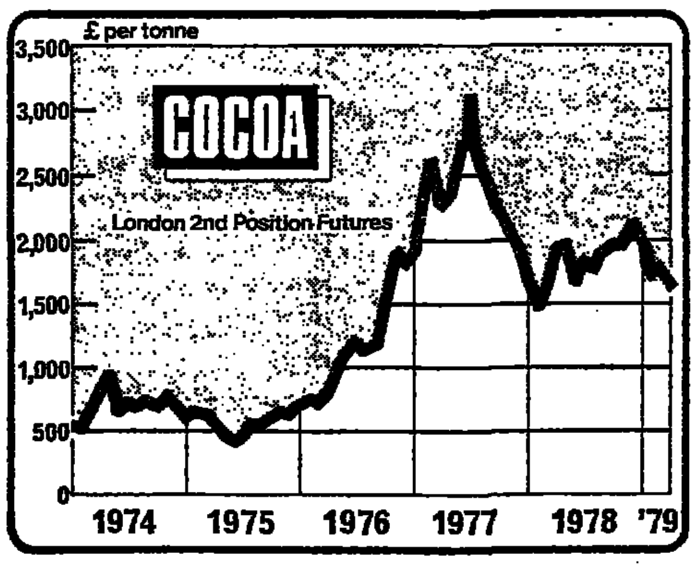
In the current season USDA forecasts Brazilian exports of beans at 1.7m tonnes compared with 20.6m tonnes from the U.S. Soyameal exports are put at 6m tonnes compared with 5.7m tonnes from the U.S.

Chris Parkes

COCOA

World stocks continue to build up

THE WORLD cocoa market is currently feeling the effects of what London merchants Gill and Duffus describes as "a very palpable surplus." Futures market prices recently hit their lowest levels for nine months and many traders expect them to fall further in the near future.



In its last market report, published in mid-February, Gill and Duffus estimated the net world crop in the 1977-78 season at 1,476,000 tonnes, 116,000 tonnes above estimated grindings. And with the current season expected to result in another surplus of at least 42,000 tonnes world stocks are forecast to reach 475,000 tonnes, the highest level since the 1971/72 season.

But many traders think that these figures are already out of date. Prospects for the Brazilian crop have improved substantially, as theyy have for the Ivory Coast's.

The Brazilian temporao crop, harvesting of which will begin soon, is now forecast in some quarters to be as high as 180,000 tonnes, 30,000 more than indicated by Gill and Duffus. The Ivory Coast figure is believed to be between 305,000 and 310,000 tonnes, compared with 295,000 in the report. However a sign of the changing times is that Ghana production is forecast to decline to only 255,000 tonnes—a far cry from the record 566,000 tonnes produced in 1964/65.

These figures, if confirmed, will inevitably depress prices and therefore tend to boost consumption. But most market observers believe nevertheless that the 1978/79 world cocoa surplus will be substantially higher than the 42,000 tonnes indicated byy Gill and Duffus in February.

Bigger-than-expected crops provide only half the explanation for the depressed mood of the market, however. There is general disappointment that the decline in world cocoa bean prices from the peak of over £3,000 a tonne reached in 1977 has not resulted in a more substantial improvement in demand.

With more cocoa being ground and processed in producing countries and consumers importing more cocoa products, grindings figures provide a less reliable guide to demand in individual consuming countries than before. But they are still the best available indication of total consumption.

In the 1977-78 season total world grindings are estimated to have slumped to 1.36m tonnes—the lowest level this decade.

In the current season Gill and Duffus expects the grindings total to rise to 1.369m tonnes, but this would still be well below the all-time peak of 1.6m tonnes recorded in the 1972-73 season.

In the 1978 calendar year grindings in the major consuming countries (excluding the USSR) declined by an average of 3.7 per cent. This was mainly the result of an 11.5 per cent fall to 162,660 tonnes in the U.S.—the world's biggest consumer. Only West Germany (up 1 per cent) and France (up 6.1 per cent) among the major consumers registered rises in 1978. At 72,410 tonnes UK grindings were 3.8 per cent below the 1977 total.

But grindings in the final quarter of 1978 were 14.8 per cent higher than in the corresponding period of 1977 and this trend is expected to continue.

In February Gill and Duffus forecast total wolrd grindings in 1979 at 1,379m tonnes, 12,000 more than in 1978.

Such a modest rise is unlikely, however, to alter the basically "bearish" mood of the market. Most London dealers expect the cocoa price to decline below £1.600 a tonne before long and some suggest it could go as low as £1.450 as further pressure is applied by continuin gsales of Brazilian beans.

The latest consumption trend indicators did little to discourage this view. U.S. January cocoa and confectionery sales figures showed a large decline to 123m lbs. from 163m in the same corresponding month of last year.

U.S. first quarter grindings are expected to show a slight rise but this is mainly due to a forecast decline in imports of cocoa liquor.

The forecast rise in the U.S. grind is expected, moreover, to be offset by marginal declines in European consuming countries.

If predictions of a substantial fall in prices are borne out producer pressure for internationally-organised price stabilisation measures can be expected to increase.

The mechanisms of price stabilisation are already in existence in the International Cocoa Agreement negotiated in 1975. But the dramatic rise in the world cocoa price since this pact was thrashed out has left its economic provisions way behind.

The pact defends a minimum price of 65 cents a lb, whereas the world price is currently around 150 cents a lb.

The current agreement expires on September 30 but talks aimed at working out a new agreement with a more realistic price range were adjourned without conclusion in Geneva in February.

Range

The gap between producer and consumer proposals was considerable. The producers wanted the minimum price to be set at 188 cents a pound and the maximum at 226 while the consumers argued for a 74-111 cents a pound range. These are the prices at which the buffer stock manager would be required to buy and sell cocoa to keep prices within the range.

Delegates at the meeting confirmed later that new talks would be held before the expiry of the pact and some seemed surprisingly optimistic. International Cocoa Organisation sources said they thought an agreement could have been thrashed out had more time been available.

Richard Mooney

GRAINS

CONTINUED FROM PREVIOUS PAGE

While intervention has been little used, the introduction of a guaranteed floor price in the market has had an inhibiting effect on futures trading.

In recent experience farmers have found it pays simply to hold their grain in their barns as the intervention price rises through the season, rather than use the futures markets.

Another element which has tended to limit activity is the present sequence of bumper harvests at home and abroad. Two consecutive record years in Britain and Europe have flattened trade and discouraged the speculative elements which can spark the increased turnover necessary to stir up trade interest.

Still, in the 15 years since they were established the barley and wheat futures markets have become well established and widely used as hedging markets with close links with the physical grain trade.

Turnover, however, after reaching a peak of 79,094 lots of 100 tonnes each in 1975/76 has fallen subsequently. In 1977/78 tournover declined to 66,101 lots but this is still more than double the trading activity only a few years ago. It would only need a new supply crisis in the grain market for interest to build up rapidly again.

Chris Parkes

COFFEE

Market coming back into balance

AFTER SEVERAL years of frantic activity the world coffee market is at last beginning to regain some semblance of normality.

Following the famous Brazilian frost of 1975, fluctuations on the London coffee futures markets reached unprecedented levels. In 1976 nearby delivery prices ranged between £800 and £3,000 a tonne and in 1977 between £1,500 and £4,200. Last year was quieter with a £1,000/£2,000 range and this year the pendulum has slowed still further. Having fallen marginally below £1,300 in February the May delivery price is currently near the year's peak of £1,474.5 a tonne.

But producing countries are anxious that the underlying downward trend should not be allowed to erode too deeply into the price advantage they won as a result of the Brazilian disaster. Pressure for internationally organised price stabilisation measures is stronger than ever and one producer group—the Central Americans—has taken the law into its own hands by engaging in direct market manipulation.

The world supply/demand balance is almost back to normal according to recent estimates. The International Coffee Organisation (ICO) projects exportable production in the 1978-79 season at about 58.45m bags (60 kilos each). This would be close to the pre-1975 level and compares with 39.2m bags in 1975-76.

With prices declining, world demand has also recovered significantly. Imports, which slumped from 55m bags in 1976 to 44.5m in 1977, are estimated by the ICO to have climbed back to 50.2m last year.

The recovery in production is largely due to increases in Brazil, where the 1976 crop was cut from an expected 27m bags to a claimed 6m by the 1975 frost. Last year's crop was about 19m bags and the Brazilian Coffee Institute (IBC) forecasts 1979-80 output at 21.3m, though most London traders think 16m-17m would be nearer the mark.

But the trade is more hopeful about the 1980-81 season. If there is no frost or drought damage this year production in 1980-81 could be as high as 28m bags, according to some London merchants.

Threat

Frost is a perennial threat to the Brazilian crop but it appears to be especially at risk every three years or so. And following the worst-ever damage in 1975 the next serious frost came bang on schedule last August.

Happily the damage seems to have been relatively minor this time. The IBC puts losses from the 1979-80 crop (frost has a delayed effect as it destroys the flowers, not the developing beans) at about 3.2m bags and many traders feel this is an exaggeration.

More serious for the Brazilian coffee growers was last year's prolonged drought which limited the size of the beans and therefore the weight of the crop.

Even with Brazil back into full-scale production the world coffee market is likely to remain fairly nervous. This is because of the low level of stocks. At the beginning of 1975 Brazil held over 30m bags of coffee beans in stock but this reserve was virtually exhausted to keep shipments up following the frost. Any further serious blow to production could have a very sharp and immediate effect on world prices.

But Brazil is unlikely to rebuild its stocks at the expense of its exports. If the optimistic projections for the 1980-81 crop prove correct Brazil's exports, which have been limited to about 12m bags in recent years, could rise to 17-18m bags. And this could cause problems for the countries which have stepped up production to fill the temporary gap left by Brazil.

Chief among these is Colombia, the world's second biggest producer. Before 1975 Colombia was producing 8-9m bags of coffee a year and exporting 6-7m. But production has since been raised to about 11m bags and exports to 8-9m.

The increase in potential Latin American arabica coffee production has been partially offset by a fall in African robusta coffee output because of practical and political difficulties. Latest guesstimates put total African production in the current season at about 13m bags compared with 15m a few years ago. But it is shipment difficulties caused by deteriorating roads and labour troubles at the ports which are causing the main problems.

The Ivory Coast seems to be the only progressive coffee producer on the African continent and its current annual production of about 4m bags makes it a clear leader in output terms.

With a clear over-supply situation threatening it is hardly surprising that the world's coffee producers are becoming increasingly obsessed with price stabilisation—generally used as a euphemism for price rises. But the consumer countries have so far resisted the pressure. Following the uproar over rocketing retail coffee prices during the supply crisis moves that would help push prices up again would not win many votes in consuming countries.

So some producers have sought to support world market prices through their own endeavours. A grouping of eight Central American coffee producing nations calling themselves the "Bogota Group" has recently been having some success in this direction.

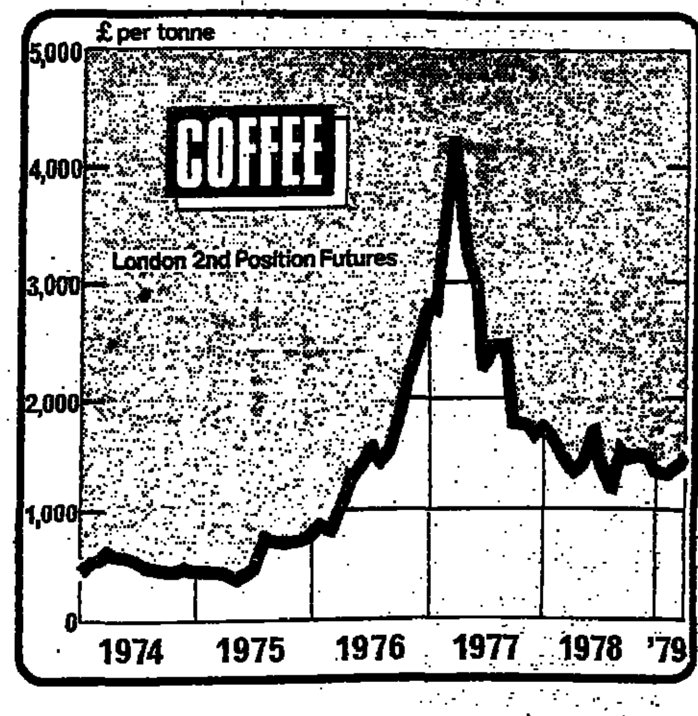
Early last year the group agreed to impose an export ban "until coffee prices rose to remunerative levels." But the ban had no discernible effect (it is doubtful that it was faithfully observed by the group's members). It had been officially abandoned by the time that early Brazilian frost scares began to boost prices.

When the frost season was over and prices subsided the Bogota Group rejoined the battle, but this time with a new strategy. They announced that they had formed a $140bn price support fund with which they intended to intervene in international coffee futures markets when prices appeared to them to be falling too quickly.

This plan was received rather sceptically by the coffee trade which regarded it as little more than a new "puff of wind" from the producers.

Carried

But the scheme has in fact been carried through, with no little effect on world prices. Initially the Central Americans bought nearby futures with dramatic but short-lived results in terms of prices. More recently, however, they have adopted a more canny policy of buying more distant positions. This strategy, though less spectacular in its short-term effects, has the advantage of being less obvious in operation and is more cost-effective since it does not involve the producers in holding physical coffee. High forward prices tend to support the nearbys and the producers are able to cancel out their holdings without taking delivery at relatively little cost.



The activities of the Bogota Group are generally regarded as the main reason for the relative firmness of the coffee market in the last few months.

But in the longer term the producers are keen to enlist the backing of the consumers for a co-ordinated price stabilisation policy. Various plans for achieving this were being discussed by both sides at the London headquarters of the ICO last week.

One option is the formation of an internationally held coffee stockpile. But though this idea has been strongly canvassed by some producers, notably Mexico, it is unlikely to find favour with the consumers, who see it as costly and difficult to manage.

A more likely plan is the re-adoption of the old quota system. Under this each producer would be granted a quota, based on previous export performance, which would come into effect if prices fell below an agreed "floor" level. While prices remained above this level there would be no limitation on exports.

The difficulty about this, however, is that producers and consumers have very different ideas about the level at which this floor price should be fixed.

Some producers have called for a minimum price of $1.50 a lb, about 15 cents above the current world price, while others think the floor should be set at $1.80. There seems very little prospect, however, of consumers accepting a floor price at anything like these levels.

Supply and demand is fairly well balanced at the moment and the time would appear to be right for some sort of compromise agreement. Consumers need protection against a new round of price escalation in the event of another major crop disaster, while growers could be threatened with diminishing returns resulting from a steady build-up in total production. It should not be impossible to agree on a scheme to keep both sides reasonably happy.

Richard Mooney

Some of the delegates at the preliminary session of the International Coffee Organisation meeting in London last September.

Brisk recovery in UK instant coffee sales

THE UK instant coffee market has made a remarkable recovery following the traumatic period resulting from Brazil's 1975 frost disaster.

Between July, 1975, and March, 1977, raw coffee prices rose by 750 per cent, forcing the cost of instant coffee on the UK retail market up from 40p to £1.70 per 4-oz jar. The same jar now costs 95-99p but sales are nearly back to pre-frost levels. The total UK market is now estimated to be worth £250m a year—its highest ever level.

In 1976 instant coffee sales fell by 2 per cent. But this figure is believed to have been distorted by "larder stocking" as housewives anticipated further price rises. The real crunch came in the following year when demand plummeted 22 per cent. The subsequent recovery has been equally dramatic. Sales were 18 per cent higher in 1978 and so far this year are running 29 per cent above the figure for the comparable period last year.

Nestlé, Britain's leading instant coffee company, believes 1979 could be a record year for sales, and General Foods, the other major branded coffee seller, claims the market is already better than ever before. The resurgence in retail demand appears to be an entirely natural economic phenomenon as neither company has stepped up its advertising effort.

Between them Nestlé (Nescafé) and General Foods (Maxwell House) account for nearly 60 per cent of Britain's retail coffee sales. Nestlé claims a 37 per cent share and General Foods over 22 per cent. Apart from these Solcafé, a Lyons-Tetley company, has 20-25 per cent (mostly sold under retailers' own brand names) and Brooke-Bond another 8 per cent.

Coffee processing is a raw material-intensive operation. At the peak of the supply crisis the cost of raw beans was estimated to represent about 85 per cent of the price of a jar of instant. The balance has now returned to more normal levels but the world coffee beans price is still the major influence on the cost of instant coffee.

It might seem surprising, therefore, that a 750 per cent rise in raw coffee prices resulted in a mere quadrupling of retail costs. This is explained partly by the fact that the major roasters bought very little coffee at the peak level and partly by a severe trimming of manufacturers' and retailers' profit margins as bean prices escalated.

This policy, which was undertaken in the hope of minimising the damage to basic demand for coffee, cost the manufacturers dearly. But just as they felt it necessary to cushion the consumer from the full force of the price rise they also felt bound to pass on the subsequent cost reductions at the earliest possible moment.

Nestlé claims its first price cut following the crisis, early last year cost it "millions of pounds."

But costly as this policy was it is now paying dividends in the form of the extraordinary rapid recovery of the market.

Further price cuts seem unlikely, however. The current cost of beans is roughly in line with retail coffee prices and unless world prices fall significantly, there is little incentive for further reductions.

Retail margins on coffee, which have always been tight, narrowed to a miserly 5 per cent as prices escalated and surprisingly they have not risen much from this level. So there is little room for reductions in this area either.

But the manufacturers are naturally still keen to achieve further growth in their market and the possibility of producer-manufacturer co-operation towards this end is being seriously studied.

Promotion

Late last year a special International Coffee Organisation (ICO) meeting was called, at the request of the European Coffee Producers' Association, to examine ways of using ICO funds for coffee promotion.

The subject was divided into two broad areas: first, market information and research; secondly, promotion, public relations and education.

There seems some prospect of progress in the first area, with ICO funds being quite likely to be available. But the second proposition is regarded as more difficult.

Under its rules the ICO can provide only 50 per cent of any promotion costs. And since such a promotion would clearly have to be generic UK manufacturers are reluctant to provide the other half of the money.

The British market is dominated by instant coffee and advertising has tended to concentrate on trying to persuade the housewife that one brand is significantly different from, and better than, the others. Generic advertising at their own expense would go against the grain for British manufacturers.

There may be more scope for this type of advertising on the Continent, however, as roast and ground coffee is the dominant product there. This less processed product clearly lends itself more readily to generic promotion.

While ICO-funded promotion seems to be ruled out in the UK, there could be scope for some sort of public relations exercise, which could be fully financed by the ICO. Such an operation would concentrate on the provision of information booklets, etc., local demonstrations and perhaps advice on the uses of coffee, rather than on direct advertising.

If the manuacturers appear quite confident about the prospects for the pure instant coffee markets they seem mildly disappointed at the recent performance of the coffee "mixtures" sector. Many such mixtures—supplementing coffee with chicory, maize, barley and so on to reduce costs—were launched during the crisis, some with spectacular success.

Nestlé's "Elevenses," for instance, claimed over 10 per cent of the total UK instant coffee market within five weeks of its launch. The company was even more surprised that this brand continued to sell remarkably well when pure coffee prices began to subside. It seemed for a while that a new market had been discovered for a bland coffee-flavoured milk drink.

But further falls in real coffee prices have taken their toll of this "substitute" market and though "Elevenses," General Food's "Brim" and other mixtures will probably remain on the market for some time yet, sales are gradually tailing off.

Richard Mooney

هكذا من الأصل

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Group (a) (g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.

Barclays Unicorn Ltd. (a)(c)(g)

Baring Brothers & Co. Ltd.

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia Trust Management (a)(g)

The British Life Office Ltd.

Brown Shipley & Co. Ltd.

Canada Life Unit Tst. Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carliol Unit Fd. Mgrs. Ltd. (a)(c)

Charities Official Invest. Fd.

Chieftain Trust Managers Ltd.

Confederation Funds Mgt. Ltd. (a)

Cosmopolitan Fund Managers

Crescent Unit Tst. Mngrs. Ltd. (a)(g)

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Emson & Dudley Tst. Mgmnt. Ltd.

Equity & Law Un. Tr. M. (a)(b)(c)

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd.

Friends' Provdt. Unit Tr. Mgrs.

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a)(c)(g)

Hill Samuel Unit Tst. Mgrs. (a)

Investment Intelligence Ltd.

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Lawson Secs. Ltd. (a)(c)

Legal & General Tyndall Fund

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

M & G Group (y)(c)(z)

Manulife Management Ltd.

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd. (a)

Minster Fund Managers Ltd.

MLA Unit Trust Mngmnt. Ltd.

Murray Johnstone U.T. Mgmt. (a)

Mutual Unit Trust Managers (a)(g)

National and Commercial

National Provident Inv. Mngrs. Ltd.

National Westminster (a)

NEL Trust Managers Ltd. (a)(g)

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt. (a)

Practical Invest Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd. (a)(b)(c)

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (g)

Rowan Unit Trust Mngt. Ltd. (a)

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Schlesinger Trust Mngrs. Ltd. (a) (z)

J. Henry Schroder Wagg & Co. Ltd.

Scottish Equitable Fnd. Mgrs. Ltd.

Sebag Unit Tst. Managers Ltd. (a)

Security Selection Ltd.

Stewart Unit Tst. Managers Ltd. (a)

Sun Alliance Fund Mngt. Ltd.

Target Tst. Mngrs. Ltd. (a) (g)

Target Tst. Mgrs. (Scotland) (a) (b)

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs. Co.

TSB Unit Trusts (y)

Tyndall Managers Ltd.

Ulster Bank (a)

Unit Trust Account & Mgmt. Ltd.

Wieler Growth Fund

INSURANCE AND PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Beehive Life Assur. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

City of Westminster Assur. Co. Ltd.

City of Westminster Assur. Soc. Ltd.

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life Insurance Co. Ltd.

Crown Life Assurance—contd.

Crusader Insurance Co. Ltd.

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Gartmore Bonds

General Portfolio Life Ins. C. Ltd.

Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capitol Life Ass. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Widows' Group

Solar Life Assurance Limited

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (UK) Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Arbuthnot Securities (C.I.) Limited

Australian Selection Fund NV

Bank of America International S.A.

Banque Bruxelles Lambert

Barclays Unicorn Int. (Ch. Is.) Ltd.

Barclays Unicorn Int. (I.o.Man)

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Tst. Mngmt. (C.I.) Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

Capital International S.A.

Charterhouse Japhet

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

DWS Deutsche Ges. F. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Eurobond Holdings N.V.

F. & C. Mgmt. Ltd. Inv. Advisers

Fidelity Mgmt. & Res. (Bda.) Ltd.

Fidelity Mgmt. Research (Jersey) Ltd.

First Viking Commodity Trusts

Fleming Japan Fund S.A.

Free World Fund Ltd.

G.T. Management Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

Hambro Pacific Fund Mgmt. Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

Henderson Baring Fund Mgrs. Ltd.

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Invest. Mgmt. Intnl.

Intl. Pacific Inv. Mngt. Ltd.

J.E.T. Managers (Jersey) Ltd.

Jardine Fleming & Co. Ltd.

Keyser Ullmann Ltd.

Kleinwort Benson Limited

Lloyds Bk. (C.I.) U/T Mgrs.

Lloyds Bank International, Geneva

Management International Ltd.

Samuel Montagu Ldn. Agts.

Murray, Johnstone (Inv. Adviser)

Nat. Westminster Jersey Fd. Mgrs. Ltd.

Negit S.A.

Negit Ltd.

Pacific Basin Fund

Phoenix International

Quest Fund Mngmt. (Jersey) Ltd.

Richmond Life Ass. Ltd.

Rothschild Asset Management (C.I.)

Rothschild Asset Mgt. (Bermuda)

Royal Trust (C.I.) Fd. Mgt. Ltd.

Save & Prosper International

Schlesinger International Mngt. Ltd.

Schroder Life Group

J. Henry Schroder Wagg & Co. Ltd.

Sentry Assurance International Ltd.

Singer & Friedlander Ldn. Agents.

Stronghold Management Limited

Surinvest (Jersey) Ltd. (x)

TSB Unit Trust Managers (C.I.) Ltd.

TSB Gilt Fund Managers (C.I.) Ltd.

Tokyo Pacific Holdings N.V.

Tokyo Pacific Hldgs. (Seaboard) N.V.

Tyndall Group

Union-Investment-Gesellschaft mbH

Utd. Intnl. Mngmnt. (C.I.) Ltd.

United States Tst. Intl. Adv. Co.

S. G. Warburg & Co. Ltd.

Warburg Invest. Mngt. Jrsy. Ltd.

World Wide Growth Management

Wren Commodity Trust

NOTES

Prices do not include $ premium, except where indicated †, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Net of tax on realised capital gains unless indicated by ø. ‡ Guernsey gross. § Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. †† Only available to charitable bodies.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
17M	17S	Treasury 3pc '79‡‡	97¼	8.2	3.08	9.45
26M	26S	Electric 4¼pc '74-79	97½	19.2	4.36	9.80
1M	1N	Treasury 10½pc '79‡‡	100½xd	26.3	10.49	10.26
15M	15N	Electric 3½pc '76-79	96⅝	9.10	3.62	9.35
3M	3S	Treasury 9pc 1980‡‡	99⅛	25.1	9.07	9.97

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

Interest Due		Stock	Price £	Last xd	Div % Gross	Red. Yield
—		Antofagasta Rly.	22	8.71	—	—
1J	1J	Do. 5pc Pref.	40	13.11	—	—
1J	1J	Chilean Mixed	98	2.10	—	13.10

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 21½% (based on US$2.0870 per £)
Conversion factor 0.8222 (0.8147)

CANADIANS

S.E. List Premium 21½% (based on $2.4030 per £)

BANKS AND HIRE PURCHASE

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10, Cannon Street, London EC4P 4BY
Telex: Editorial 886341/2, 883897. Advertisements: 885033. Telegrams: Finantimo, London.
Telephone: 01-248 8000.

Frankfurt Office: The Financial Times (Europe) Ltd., Frankenallee 68-72, 6000 Frankfurt-am-Main 1.
Telex: Editorial 416052. Commercial 416193. Telephone: Editorial 7598 234. Commercial 7598 1.

INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Amsterdam: P.O. Box 1296, Amsterdam-C.
Telex 12171 Tel: 240 555

Birmingham: George House, George Road.
Telex 338650 Tel: 021-454 0922

Bonn: Presshaus 11.104 Heussallee 2-10.
Telex 8869542 Tel: 210039

Brussels: 39 Rue Ducale.
Telex 23283 Tel: 512-9037

Cairo: P.O. Box 2040.
Tel: 938510

Dublin: 8 Fitzwilliam Square.
Telex 5414 Tel: 785321

Edinburgh: 37 George Street.
Telex 72484 Tel: 031-226 4120

Johannesburg: P.O. Box 2128
Telex 8-6257 Tel: 838-7545

Lisbon: Praca de Alegria 58-10, Lisbon 2.
Telex 12533 Tel: 362 508

Madrid: Espronceda 32, Madrid 3.
Tel: 441 6772

Manchester: Queen's House, Queen Street.
Telex 666813 Tel: 061-834 9381

Moscow: Kutuzovsky 14, Apartment 1, Moscow.
Telex 7900 Tel: 243 1635

New York: 75 Rockefeller Plaza, N.Y. 10019.
Telex 66390 Tel: (212) 541 4625

Paris: 36 Rue du Sentier, 75002.
Telex 220044 Tel: 236.57.43

Rio de Janeiro: Avenida Pres. Vargas 418-10.
Tel: 253 4848

Rome: Via della Mercede 55.
Telex 610032 Tel: 678 3314

Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7.
Telex 17603 Tel: 50 60 88

Tehran: P.O. Box 11-1879.
Telex 213930 Tel: 682698

Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku.
Telex J 27104 Tel: 241 2920

Washington: 2nd Floor, 1325 E. Street, N.W., Washington D.C. 20004
Telex 440340 Tel: (202) 47 8676

ADVERTISEMENT OFFICES

Birmingham: George House, George Road.
Telex 338650 Tel: 021-454 0922

Edinburgh: 37 George Street.
Telex 72484 Tel: 031-226 4139

Leeds: Permanent House, The Headrow.
Tel: 0532 454969

Manchester: Queen's House, Queen Street.
Telex 666813 Tel: 061-834 9381

New York: 75 Rockefeller Plaza, N.Y. 10019
Telex 238409 Tel: (212) 489 8300

Paris: 36 Rue du Sentier, 75002.
Telex 220044 Tel: 236.86.01

Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex J27104 Tel: 295 4050

Overseas advertisement representatives in
Central and South America, Africa, the Middle East, Asia and the Far East.
For further details, please contact:
Overseas Advertisement Department,
Financial Times, Bracken House, 10, Cannon Street, London EC4P 4BY

SUBSCRIPTIONS

Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription Department, Financial Times, London

For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester, Tel: 246 8026

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

MINES—Continued

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

[illegible]

MISCELLANEOUS

[illegible]

GOLDS EX-$ PREMIUM

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✣ Regional price.
- || No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on [illegible]

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 31

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

[illegible]

IRISH

[illegible]

OPTIONS

3-month Call Rates

Industrials		I.C.I.	20	Unilever	55
A. Brew	7	"Imps"	9	U.D.T.	4
BOC Intl.	6	I.C.L.	40	Utd. Drapery	10
B.S.R.	8	Inveresk	7	Vickers	17
Babcock	14	KCA	4	Woolworths	6½
Barclays Bank	32	Ladbroke	18		
Beecham	52	Legal & Gen.	14	**Property**	
Blue Circle	18	Lex Service	9	Brit. Land	5
Boots	18	Lloyds Bank	25	Cap. Counties	7
Bowaters	18	"Lofs"	5	E.P.	3½
B.A.T.	28	London Brick	7	Intereuropean	5
Brown (J.)	50	Lonrho	9	Land Secs.	28
Burton 'A'	22	Lucas Inds.	25	MEPC	15
Cadburys	5	"Mams"	18	Peachey	13
Courtaulds	10	Mrks. & Spncr.	9	Samuel Props.	14
Debenhams	8	Midland Bank	30	Town & City	2
Distillers	21	N.E.I.	14		
Dunlop	6½	Nat. West. Bank	28	**Oils**	
Eagle Star	10	Do. Warrants	15		
E.M.I.	14	P & O Dfd.	8	Brit. Petroleum	70
Gen. Accident	21	Plessey	10	Burmah Oil	11
Gen. Electric	32	R H M	5	Charterhall	3½
Glaxo	50	Rank Org.	25	Shell	48
Grand Met.	12	Reed Intnl.	16	Ultramar	24
G.U.S. 'A'	30	Spillers	5½		
Guardian	24	Tesco	6	**Mines**	
G.K.N.	24	Thorn	22	Charter Cons.	16
Hawker Sidd.	22	Trust Houses	27	Cons. Gold	17
House of Fraser	15	Tube Invest.	30	Rio T. Zinc	27

FINANCIAL TIMES

Monday April 9 1979

EEC official figures show UK pays most

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT IN BRUSSELS

THE EEC Commission has published its definitive calculations of the net receipts and transfers of member states under the EEC budget in 1978.

The commission presents its conclusions in two forms, and on the basis of one method of calculation, the UK and Italy can claim to have overtaken Germany to become the two biggest net contributors to the budget, with Britain making the single biggest national payment. Denmark, the richest country in the EEC, measured per capita, is a net beneficiary, as are Belgium, Luxembourg, Ireland and the Netherlands.

According to the second method, Germany emerges as the single biggest net contributor to EEC finances, after Britain, France and Italy in that order. The value of receipts by net beneficiaries is reduced significantly.

The two methods reflect different ways of treating monetary compensatory amounts (MCAs) used to cushion intra-EEC farm trade from the effects of exchange rate movements. In one version, MCAs are treated entirely as payments to countries exporting agricultural products. In the other they are counted wholly as payments to importing countries.

Even if MCAs are wholly attributed to importing countries, the gap between the net contributions made by Germany and Britain still narrowed considerably between 1977 and 1978. Last year, Germany's net contribution measured on this basis fell to 519.8m units of account (£348m) from 1.5bn units (£1bn) in 1977, while Britain became a net contributor to the tune of 407m units after being a net recipient in 1977 of 125.8m units.

These figures, which represent actual cash flows during the calendar year, reflect adjustments made under Article 131 of the EEC accession treaties of Britain, Denmark and Ireland. This Article is designed to limit the annual increase in the budget contributions made by the three most recent EEC members, though it will cease to operate from the end of this year.

Had Article 131 not been in effect last year the UK's net contribution would be the biggest of any EEC country, regardless of how MCAs were calculated. On the other hand, Italy's net payment would shrink appreciably, especially if MCAs were treated as a payment to importing countries.

With MCAs being attributed to the exporting country the UK's "deficit" with the Community would have been 1.12bn UA (£750m). With MCAs attributed to the importing country the "deficit" would have been 709.3m UA.

EEC NET BUDGET CONTRIBUTED AND RECEIPTS, 1978

Actual transfers reflecting adjustments under Article 131. Figures in Units of Account (one UA equals £0.67).

	Recorded transfers (if MCAs attributed to exporting country)	MCAs	Adjusted transfers (if MCAs attributed to importing country)
Belgium/Luxembourg	+ 393.4m	− 43.1m	+ 350.3m
Denmark	+ 420.4m	− 239.1m	+ 181.3m
Germany	− 346.8m	− 173.0m	− 519.8m
France	− 33.3m	− 287.7m	− 321.0m
Ireland	+ 530.5m	− 210.4m	+ 320.1m
Italy	− 723.4m	+ 418.5m	− 304.9m
Netherlands	+ 226.8m	− 179.8m	+ 57.0m
UK	−1,121.6m	+ 714.6m	− 407.0m

Liquidator asks unions for £1m to save Kirkby

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

BRITAIN'S two biggest trade unions have been asked to contribute about £1m to save the Kirkby Manufacturing and Engineering workers' co-operative from permanent closure.

The liquidator for the co-operative, Mr. Bernard Phillips, has written to the general secretaries of the Transport and General Workers Union and the Amalgamated Union of Engineering Workers asking whether cash could be extracted from their pension funds or other resources.

The co-operative closed a fortnight ago after the liquidator was called in. Hopes that it may reopen and provide jobs for some of its former 720 workforce depend on fresh investment within the next week or so.

The liquidator has also contacted possible bidders in the hope that the business of manufacturing central heating radiators and other products could be reopened. But if a deal is not reached soon, the assets of the business will be sold off, piecemeal.

Former employees will receive their last wage packets this Thursday when they will be given their outstanding holiday pay. They have been laid off for two weeks because of a lack of supplies of sheet steel needed to make radiators.

When it went into liquidation the co-operative was losing about £16,000 a week and was believed to have outstanding debts of some £1.7m. Its assets are now held by a subsidiary of the original concern called KME Ltd, and it is these that could cost about £1m.

It seems extremely unlikely, however, that the two unions, to which most of the former employees belong, would agree to put up any cash. When the original Meriden motor-cycle co-operative was set up late in 1974, at the same time as KME, the unions were asked for financial support.

The unions considered, however, that if they agreed to invest in one job-saving project, they would find it hard to turn others down and would not have sufficient funds to meet demands. The TGWU for example has only about £30m invested and has a relatively small pension fund for its staff.

THE LEX COLUMN

Why the EMS needs secret tinkering

After just four weeks the credibility of an important part of the European Monetary System is already being eroded. The "divergence indicator," one of the two constraints which are supposed to keep EMS currencies in line with one another, is being distorted by the rapid rise of a non-member, Sterling, and of the Lira. The resulting confusion is increased by the decision of the European Commission and central banks to keep their resulting "corrections" to this indicator under wraps.

	Actual % change of ECU against currency, April 6	"Corrected" change for divergence indicator %	Divergence limit %
Belgian Fr.	+1.62	+1.25	±1.53
Danish Kr.	−0.62	−0.89	±1.635
D-Mark	+1.01	−0.63	±1.1325
French Fr.	+0.26	−0.11	±1.35
Dutch Gld.	+0.39	+0.00	±1.5075
Irish punt	−0.26	−0.37	±1.665
Italian lira	−1.55	−1.91	±4.0725

A positive change denotes a weak currency. Corrected changes calculated by Financial Times

The first constraint in the EMS is the parity grid, a straightforward and publicly announced set of cross-rates beyond which individual currencies may not stray. The second, the "divergence indicator," is supposed to restrain the movement of each currency against the ECU — the basket of currencies which is the centrepiece of EMS.

If a currency moves beyond its divergence limit against the ECU there is a "presumption" that the country in question will take remedial action. These limits are known and for the time being constant. But the actual changes in each currency's exchange rate against the ECU now have to be "corrected" before they can be set against the divergence limits. This correction factor has been kept secret and, to make the mystery complete, it changes every day.

The reason why this correction factor has crept in is that the ECU basket includes one currency—Sterling—which is not bound by the rules of EMS and another—the Lira—which has been allowed a special leeway of 6 per cent in the parity grid, instead of the usual 2¼ per cent. Both these currencies are strong at the moment with the pound up 4.49 per cent against the Belgian franc and the Lira 3.11 per cent. They are thus dragging the ECU up against other EMS currencies by more than they would if they conformed to the 2¼ per cent rule.

The solution adopted by the Commission and the EMS central banks, for the purpose of the divergence indicator, is to strip out that part of the rise of the ECU against, say, the Belgian franc, which is due to the excess rise of the pound and the Lira. The excess is defined as that part of their rise which exceeds 2¼ per cent above their central rates against the weakest currency in the EMS.

The effect of this adjustment is to reduce the rise of the ECU against the Belgian franc, by last Friday, from 1.62 per cent to about 1.25 per cent. Since the divergence indicator for the ECU against the Belgian franc is triggered by a movement of 1.53 per cent, this correction pulls the Belgian franc out of the danger area.

The idea behind the divergence indicator is laudable: its function is to point out which currency is departing most from a European norm, rather than leave the onus for action on the weakest. All these curious adjustments are a logical result of the desire of Britain and Italy not to conform to the basic rules of the system.

The secrecy that surrounds these adjustments is apparently aimed at defusing speculation and may also derive from resistance to the idea of ECU-based limits which some central banks, notably the Bundesbank, displayed from the start. But it does nothing for the credibility of EMS. The Commission or the central banks should spell out the true position daily.

Behind closed doors

Financial institutions hate to fall out in public, but the signs are that a behind-the-scenes row is now brewing over the future of North Sea Assets (NSA)—the luckless £20m North Sea investment company set up in 1972.

Ivory and Sime, now in sole charge, have been trying to drum up support for NSA over the last couple of months. This has succeeded to some extent and the unofficial share price has moved up from £8 to around £11—but it still stands at a very large discount to the underlying net asset value generally reckoned to be around £20.

Ivory and Sime's hope is that they will get a full stock exchange listing for NSA shares over the next few months and then be allowed to transform it into an investment trust over time. But NSA is a difficult animal to analyse and its record so far has been uninspiring. So a stock market listing is by no means a foregone conclusion.

Even if the company gets its share quote, some institutional shareholders are unhappy about allowing NSA to go off merrily investing what money it has got left in all sorts of oil and gas related stocks—something most of them can do just as well themselves, and probably more cheaply. NSA has paid out over three times in dividends over the last six years.

So a number of institutions are putting pressure on Ivory and Sime to let NSA be quietly wound down over the next few years. If Ivory and Sime do not bow to informal pressure some of the Scottish and London institutions are threatening to call an extraordinary general meeting to try to replace the present Board.

This is no idle threat. Take the case of New Court Natural Resources which was set up at roughly the same time by Rothschilds with the same capital (£20m) and the same sort of objectives. Its initial performance was hardly sparkling and institutional investors became unhappy about the lack of marketability of their shares and the high discount at which they stood.

Eventually NCNR bowed to institutional pressure and transferred over three quarters of its net assets, including £10.4m of cash and virtually all the quoted investments, to a newly formed unit trust. NCNR was left with the remaining £5m or so. And since then has performed reasonably well. Compared with a net asset value of 24p last September the shares are trading above 20p currently.

North Sea Assets, unlike NCNR, does not have many quoted investments, so part unitisation seems an unlikely solution. But it does have some cash and even if it is not feasible to liquidate NSA immediately, many shareholders would at least like some of their original stake money back. The best solution would be an outside bid but the problem is that no one really knows what NSA is worth.

Sales hitch forces BL to make cuts at Aveling

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

EMPLOYEES AT Aveling Barford, the construction equipment subsidiary which BL is trying to sell, have been told that action will have to be taken over the next few months further to reduce the level of overheads.

The first casualties will be among staff, as a result of Aveling Barford's intention to close its small divisional office in Melton Mowbray, and to merge Aveling Barford International into the group holding company. Continuing losses into the first quarter of this year increases the likelihood of further redundancies in the group's 3,500-strong workforce, unless BL concludes a sale fairly quickly.

The group was officially put up for sale in February, and discussions have been taking place with prospective purchasers from the UK and overseas. As yet, however, no front runner has emerged.

There has been talk in the industry that the price BL is asking for Aveling Barford, at around £35m, is too high, while BL's preferred course of selling the group as a whole rather than splitting it up is making a sale more difficult.

BL's policy on Aveling Barford contrasts with that of Ford, which put the Richier construction equipment group up for sale in France, also in February. Like Aveling Barford, Richier makes a wide range of equipment for the construction industry, but Ford appears to be quite willing to split the group up and sell off its component parts as long as this does not involve redundancies.

The industry is suffering from severe lack of demand, and price competition is intense. There are many willing sellers of smaller companies, while the offers for sale of these two quite large groups —Richier employs 2,600— means that it is very much a buyer's market. Aveling Barford lost more than £6m last year, and Richier's losses amounted to FFr 46m (£5m).

Ford's readiness to split up Richier could make BL's job more difficult if it decides to adopt a similar course. The privately-owned Bray company, for example, has withdrawn its interest in Barfords of Belton, which makes dumpers, and is having discussions with Richier about the possibility of buying a similar operation in France.

J. C. Bamford has been approached by the French Government to see if it would be interested in buying part of Richier, but the company says it has had no direct contact with Richier.

Alfred Herbert may get more NEB aid

BY MAX WILKINSON

THE National Enterprise Board is considering a further injection of cash into Alfred Herbert to expand its capability for making the electronic sections of numerically controlled machine tools.

At present Herbert imports the electronics for about half of its numerically controlled machines. The other half is supplied by its own subsidiary, Alfred Herbert Numerical Controls.

It is to this company that the NEB is considering directing further investment, probably of several million pounds.

The argument for further investment is that Alfred Herbert Numerical Controls has been successful in making the black boxes which control automatic machines and could be expanded to compete more vigorously with imports mainly from General Electric of America and the Japanese-German joint venture, General Numerica.

Alfred Herbert's results for 1978, due to be released in the next few days, are expected to show a substantial loss. At the half-way stage, Mr. Walter Lees, managing director, said that the group's losses were caused by the Edgwick plant, and that without this plant it would have a profit of £1.25m, after interest, in 1978.

The group has received £35m in equity from the NEB since it was rescued by the Government in 1975. It has also received a £5.7m loan under the NEB's stockpiling scheme, and has been offered £4.2m in grants under the Government's machine-tool aid scheme.

About half of the aid scheme money has been allocated towards product development, and most of the new machine tools which are planned will be numerically controlled.

U.S. teamsters' strike leading to car industry shutdown

BY JOHN WYLES IN NEW YORK

THE EXTENSIVE shutdown of the U.S. haulage industry moved into its second week on Sunday, with little progress made towards a settlement and with the steady paralysis of the motor industry expected to be complete within the next week or so.

The Teamsters' Union and the hauliers broke off talks on Friday. As ever, details were hard to come by, but the broad conclusion still appears valid that a settlement could be reached fairly swiftly if the Administration proves ready to bend its pay restraint guidelines even further.

Representatives of the 500 major haulage companies employing the 300,000 truck drivers and warehousemen are stressing that the final word must lie with the Government.

Since 1937, the industry's pay rates have been regulated by the Interstate Commerce Commission, and the furthest the Carter Administration has so far allowed the employers to go is a package of proposals worth "more than 30 per cent" over three years.

This is obviously more generous than the 22 per cent which a strict interpretation of the guidelines would have allowed. But the Teamsters are looking for at least another 2 per cent through the payment of cost of living increases twice a year, instead of once a year as under the contract which expired on March 31.

The Administration is not yet disposed to allow this, and is still weighing the possibility of seeking a court-ordered return to work by the lorry drivers through a Taft-Hartley injunction. The present shutdown has been achieved by a combination of selective strikes and retaliatory lock-outs by employers. But its effects are not yet serious enough to pose the threat to national health and welfare which would be needed to justify an injunction.

Auditors to be banned from stake in clients

BY MICHAEL LAFFERTY

AUDITORS are to be banned from holding shares in public company clients under new guidelines to be issued by the accountancy bodies this week. The new rules are also intended to prohibit auditors from holding major blocks of shares as trustees and they will demand disclosure of this fact in all other circumstances.

The move is a direct response to Government pressure, following controversies surrounding auditors in a number of public cases in the past three years.

The guidelines are contained in a statement on independence which will replace existing sections of the Institute of Chartered Accountants' ethical rules.

They come down firmly against any beneficial shareholdings by auditors and draw a distinction for trustee holdings between public and private companies. In the case of public companies, auditors may not have trustee holdings greater than 10 per cent of a company's capital or 10 per cent of a trust's assets.

Holdings by trustees below this limit will have to be disclosed either in the directors' or auditors' reports — as will trustee holdings in all private companies, regardless of size. In other words, there is no ban on auditors acting as trustees for shares in private companies, providing the fact is disclosed.

Weather

UK TODAY

RAIN in most areas, bright intervals in N. England. Mainly dry in Scotland.

London, S. England, Channel Isles

Cloudy, rain at times. Max. 10C (50F).

E. Anglia, Midlands, S. Wales

Rain later. Max. 10C (50F).

E., Cent., N. and N.E. England

Occasional rain, perhaps bright periods. Max. 8C (46F).

N. Wales, N.W. England, Lakes, I. of Man, S.W. Scotland, N. Ireland

Occasional rain, perhaps bright periods. Max. 9C (48F).

Borders, Edinburgh, Dundee, Aberdeen, Glasgow, Cent. Highlands, Moray, Argyll, N.W. Scotland

Mainly dry, bright periods. Max. 8C (46F).

N.E. Scotland, Orkney, Shetland

Mainly dry, bright periods. Max. 6C (43F).

Outlook: Rain in N. and E., sunny intervals later with heavy showers

WORLDWIDE TEMPERATURES

		Y'day midday °C	°F			°C	°F			Y'day midday °C	°F			°C	°F
				Cas'b'ca	F	23	73					Oslo	C	7	45
				Cape T.	C	20	68					Paris	C	11	52
				Chicago	C	5	41					Perth	C	26	79
				Cologne	F	10	50					Prague	R	2	36
Ajaccio	F	14	57	Cpnhgn.	S	8	46	L. Plms.	F	27	81	Reykjvk.	C	3	37
Algiers	F	22	72	Corfu	F	14	57	Lisbon	C	15	59	Rhodes	F	18	64
Amsdm.	S	10	50	Dublin	R	6	43	Locarno	F	15	59	Rio J'o	C	25	77
Athens	S	17	63	Dbrvnk.	R	9	48	London	C	8	46	Rome	S	15	59
Bahrain	S	31	88	Ednbgh.	C	6	43	Luxmbg.	F	9	48	Salzbrg.	C	6	43
Barcina.	F	15	59	Faro	R	16	61	Luxor	S	32	90	Singapr.	S	29	84
Beirut	F	20	68	Florence	F	14	57	Madrid	F	14	57	Stckhm.	C	5	41
Belfast	R	5	41	Frankft.	F	6	43	Majorca	S	18	64	Strasbg.	F	11	52
Belgrd.	C	8	46	Funchal	F	19	66	Malaga	S	19	66	Sydney	S	24	75
Berlin	C	8	46	Geneva	F	8	46	M'chstr.	R	6	43	Tehran	S	27	80
Biarritz	F	20	68	Gibrltr.	F	17	63	Melbne.	C	15	59	Tel Aviv	C	20	68
Bmghm.	C	6	43	Glasgow	C	6	43	Milan	S	16	61	Tenerife	S	19	66
Blackpl.	R	5	41	G'rnsey	F	8	48	Mntreal.	S	−1	30	Tokyo	R	16	61
Bordx.	F	16	61	Helsinki	F	5	41	Moscow	C	5	41	Toronto	C	−1	30
Boulgn.	C	10	[illegible]	H. Kong	C	23	73	Munich	C	4	39	Tunis	S	19	66
Bristol	R	9	48	Insbrk.	F	7	45	Nairobi	R	23	73	Valencia	C	16	61
Brussels	F	11	52	Invrnss.	C	6	43	Naples	S	13	55	Venice	S	13	55
Budpst.	F	9	48	I.o.Man	C	5	41	Nwcstl.	C	5	41	Vienna	C	6	43
B. Aires	S	20	68	Istanbul	C	13	55	N. York	S	7	45	Warsaw	R	2	36
Cairo	S	30	86	Jersey	C	10	50	Nice	F	15	59	Zurich	F	10	50
Cardiff	R	9	48	Jo'burg	C	24	76	Oporto	R	13	55				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Continued from Page 1

Callaghan

ing to Mr. Heseltine, would enable council house tenants to buy their homes at market value subject to a discount, starting at 33 per cent for three years occupation and rising to 50 per

Mr. David Steel, Liberal leader, launched his election campaign with a demand that the tax load must be reduced drastically in the next Parliament in order to encourage personal initiative.

He told the National Federation of Self-Employed in Bournemouth yesterday: "I would like to see a major switch from taxes on income to taxes on spending, with the basic rate reduced to 20p in the pound and the top rate to 50p."

The latest opinion polls make depressing reading for Labour at the start of the campaign, averaging out at a Conservative lead of 13 per cent. The worst news for Mr. Callaghan came in a poll conducted for The Observer by Research Services which gave the Tories a massive lead of 21 per cent — the largest ever recorded for one of the leading parties during a campaign.

Continued from Page 1

Tories and TUC

legislative niceties in consultation with Mr. Leon Brittan, another QC who is one of Mr. Prior's two deputies.

In broad terms, the Tories propose to re-establish the legal position of 1974 when they secured several crucial amendments to Labour's repealing legislation, especially on the immunity of unions taking secondary or sympathetic industrial action, and on the rights of closed shop "casualties" to seek statutory redress.

Mr. Prior and his team, although more hawkish now than they were before the winter of strikes, do not expect that the party will be aggressivly anti-union during the campaign.

TUC leaders remain convinced that the Tories want severe legal restrictions on workers' freedoms and are certain to campaign on that basis.

The TUC response during the campaign may force the Conservatives to raise the temperature of their own attack.

Union leaders will refuse, at least until the election is won, to offer the Conservatives any sign of co-operation in the reform of union affairs.

The Tories, if they win, would like to build on the TUC industrial relations code included in the so-called "Concordat" but have been told that they would have to start from scratch with the TUC.

Much of what the Conservatives plan—for instance, in restricting picketing both in extent and in numbers—will depend on the outcome of trials or appeals still pending in the courts.

Some of the main Tory aims have already been achieved in recent appeal court decisions by Lord Denning which have interpreted Labour's own reformulation of trade union immunity.

On some questions, such as the voluntary elimination of strikes in the emergency services, Conservative leaders believe they have already won the co-operation of the unions.

For instance, Mr. Alan Fisher, of the National Union of Public Employees, has debated the strike-elimination issue with Conservative MPs and found little in their ideas to complain of.

But he, like other union leaders, will protest bitterly about the other parts of the Tory package.